

**MILITARY TO ENTREPRENEURSHIP: PRIVATE
SECTOR INITIATIVES TO HELP VETERANS
PURSUE BUSINESS OPPORTUNITIES**

HEARING
BEFORE THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

HEARING HELD
MAY 7, 2014



Small Business Committee Document Number 113-067
Available via the GPO Website: www.fdsys.gov

U.S. GOVERNMENT PRINTING OFFICE

87-757

WASHINGTON : 2014

For sale by the Superintendent of Documents, U.S. Government Printing Office
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MILITARY TO ENTREPRENEURSHIP: PRIVATE SECTOR INITIATIVES TO HELP VETERANS PURSUE BUSINESS OPPORTUNITIES

WEDNESDAY, MAY 7, 2014

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 1:00 p.m., in Room 2360, Rayburn House Office Building. Hon. Sam Graves [chairman of the Committee] presiding.

Present: Representatives Graves, Chabot, Herrera Beutler, Hanna, Bentivolio, Collins, Rice, Velázquez, Schrader, Chu, Hahn, Payne, Meng, Schneider, and McLane Kuster.

Chairman GRAVES. Good afternoon. We will call the hearing to order.

Today, this hearing, I think it is going to be a very informative hearing.

There are over 22 million veterans right now living in the United States, and by 2040, those who served in Iraq and Afghanistan are going to make up 50 percent of the entire veterans population. The unemployment rate for these younger veterans is higher than that of their civilian counterparts and is one of the many challenges that they face transitioning into civilian life.

Despite the obstacles associated with this readjustment from military service, veterans possess a unique set of skills learned in the military, such as the ability to lead, communicate effectively, and execute tasks efficiently and with precision. This may be why veterans tend to be more entrepreneurial than the rest of the population. In fact, each year since 1979, the self-employment rate for veterans has remained higher than that of the rest of the population overall.

Given the roadblocks faced by veterans, combined with their propensity for small business ownership, numerous efforts have been created in the private sector designed to assist veteran entrepreneurs in achieving their goals. In creating programs that provide entrepreneurial training, mentorship, financial assistance, and networking opportunities, private organizations have stepped up to the plate for our nation's returning heroes.

One such effort is getting started back in my district in North Missouri. Jim Allen, a community leader in Platte County, is forming an organization called Honor Capital. Backed by a group of investors committed to helping veterans obtain quality employment,

Honor Capital is also planning to assist veterans in opening their own Save-A-Lot grocery stores.

One of the group's partners, Army Captain Marc Esposito, is in the audience today. A graduate of the U.S. Military Academy and an Army helicopter pilot, Captain Esposito flew over 400 MEDEVAC missions in Afghanistan, and he is here with us today.

Today, we are going to learn about some of the other efforts that are assisting our nation's heroes in transitioning to the world of entrepreneurship. We are fortunate to have with us a group of veteran entrepreneurs and small business owners, and we look forward to hearing all of their stories. And I want to thank you for your service to your country and for being here.

I now recognize Ranking Member Velázquez for her opening statement.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

By developing new products, advancing research, and creating new markets, entrepreneurs are an important force in our economy. Over the years, we have repeatedly seen the important role veterans play in this process. Due to the leadership, training, perseverance, knowledge of the government procurement process and other skills acquired in the military, veterans are often uniquely qualified to launch and manage their own businesses. In fact, in today's private sector workforce, veterans are 45 percent more likely to be self-employed compared to workers without active duty military experience.

Currently, there are about 2.5 million veteran-owned businesses. About one in 10 that generate over one trillion dollars in receipts. Clearly, for many men and women leaving the service, entrepreneurship provides a promising opportunity to continue serving their country and creating jobs in their local communities, all while supporting their families.

Despite the rich tradition of veterans owning small businesses, the veteran-owned employment rate sits around 9 percent. For that reason, both public and private initiatives have been established to assist transitioning servicemembers. Unfortunately, those initiatives often fail to develop veterans' entrepreneurial goals. Besides the Small Business Administration's veteran-focused program, like the Veterans Business Outreach Centers and the Boots to Business Program, the private sector has their own efforts to assist veterans. Many of these projects are multidimensional, offering everything from a basic course on running a business to helping prospective entrepreneurs secure start-up capital.

Today we will hear from several veteran entrepreneurs about their first-hand experiences with some of these programs. It is my hope that they can highlight for us what they found beneficial, where improvements can be made, and identify gaps in how these services reach veterans.

Assisting entrepreneurs will require integrated comprehensive solutions that leverage a combination of government, nonprofit, and private efforts. Despite the progress we have made, hundreds of thousands of veterans and their families continue to struggle, demonstrating how much more needs to be done. It is incumbent on all of us to ensure that resources reach the veterans and servicemembers these programs are meant to help. In that regard,

as we examine private-sector initiatives, we must consider ways they can complement government programs to maximize effectiveness.

I thank all the witnesses for being here today. Your testimony will help inform the committee as we move toward that goal.

On that note, I thank the chairman for the time, and I yield back.

Chairman GRAVES. All right. Our first witness today is Wade Franklin, who is the owner of the UPS Store in Arlington, Virginia. After graduating from the U.S. Naval Academy in 2005, Mr. Franklin served seven years in the U.S. Navy, which included multiple wartime deployments in Afghanistan, Japan, and the Persian Gulf, where he steered ships, led teams of sailors, and supervised a wide range of technical experts. Mr. Franklin today is testifying on behalf of the International Franchise Association.

Thanks for being here. We appreciate it.

**STATEMENTS OF WADE FRANKLIN, OWNER, THE UPS STORE;
DAWN SMITH, FOUNDER AND CEO, MYSTIC REME TEAS;
DAVY LEGHORN, ASSISTANT DIRECTOR, NATIONAL EMPLOY-
MENT AND EDUCATION DIVISION, THE AMERICAN LEGION;
CHARLESTON MALKEMUS, FOUNDER AND CEO, GOZUMP,
INC.**

STATEMENT OF WADE FRANKLIN

Mr. FRANKLIN. Chairman Graves, Ranking Member Velázquez, and members of the Committee, thank you for inviting me to testify today on ways that the private sector can assist veterans in pursuing business ownership and other opportunities. My name is Wade Franklin, and I am the owner of a UPS Store franchise in Arlington, Virginia, and a veteran of the United States Navy. I appear before you today on behalf of the International Franchise Association.

Franchising is a large community of diverse businesses that all grow and operate using the franchise business model. In this model, entrepreneurs open their own establishments and purchase the rights to operate their business using the trademarks, products, and business strategies of a proven franchise system. Franchises are very common in the restaurant and hospitality space, but franchising is also popular in business services, personal services, retail, and automotive.

I left the Navy in February 2012, and was looking for employment opportunities during the previous fall. The prevalent prospects were corporate management jobs that many junior officers are drawn to, but I did not necessarily want to go down that path. While searching for opportunities for veterans, I came across VetFran, the International Franchise Association's veteran transition program, and saw the financial incentives that hundreds of franchise systems offered to veterans who opened franchise businesses. One of the opportunities that most appealed to me was the UPS Store, who at the time was offering to waive the \$30,000 franchise fee for the first 10 veterans approved as franchise owners in 2012. I was approved to become a UPS store franchise owner in

February 2012, and I was one of the 10 veterans that had their initial franchise fee waived.

There are obvious challenges to jumping straight into running a business without prior business experience, which few veterans have. I went to the Naval Academy out of high school and spent the next seven years in the Navy. While I learned many valuable skills in the Navy, the military is not the best form to prepare veterans to own a business. The military does a terrific job of supporting us while serving, but the enormous risk of opening a business in civilian life while leaving behind many of the resources previously provided by the military can be daunting. To that end, private sector programs, such as VetFran, can be extremely beneficial in filling the support gap that often exists for veterans. For me, the most important part of the decision was assessing the financial resources available to me, and allocating those resources as best I could. That was, and remains, the most difficult obstacle for me to overcome in becoming a business owner.

Franchise models have complex, yet effective operations guidelines, and the franchise owners that can best execute the system are those who realize the most success. Our nation's servicemen and women have many of the qualities that make successful franchise business owners. The attention to detail, situational awareness, and communications skills are benefits learned in the Armed Forces. Above all else, veterans possess the leadership skills necessary to run a successful small business, and to persevere through the tough times that keep that business running.

Recognizing that franchising is a great fit for entrepreneurial veterans, the International Franchise Association launched VetFran in 1991 to encourage franchise companies to recruit veterans as franchise owners. As part of VetFran, franchisors offer special incentives to qualified veterans who enter into franchise agreements ranging from thousands of dollars in initial inventory to special financing on equipment.

In a report on Veterans Day in 2013, a survey revealed that the franchise industry has nearly doubled its hiring target since 2011 with over 151,000 veterans having started careers in franchising. However, we are most proud of the fact that over 5,000 veterans have been recruited as franchise owners across hundreds of franchise systems. Unsurprising, the survey went further to indicate that veteran-owned franchises were more successful than other franchises, far outpacing nonveteran-owned units in both sales and numbers of jobs created. I am proud to say that the UPS store participates in the VetFran initiative and note that the network has more than 150,000 veteran owners that have taken advantage of this program, and over 280 stores are operated by those veterans.

I like to think I am smart and resourceful enough to have navigated my way through opening a business without the help of VetFran, but there is no doubt that the program was a significant catalyst in starting my business. Legislation in the House of Representatives, the Veterans Entrepreneurs Act of 2013, will provide a tax credit to qualified veteran franchise owners worth up to 25 percent of the initial franchise fee, capped at \$400,000. In addition to the real estate, equipment, and inventory necessary to operate a franchise, the initial franchise fee is a significant investment, and

remains a barrier to opening a franchise. When coupled with the incentives offered through VetFran, this tax credit will go a long way towards helping veterans open new businesses and create opportunities for both themselves and others. The franchise community has a demonstrated record of success in implementing veterans' programs and we believe that this legislation will serve to expand on the success while providing veteran entrepreneurs with significant financial resources to realize the American dream of owning and operating their own small business.

I believe that this type of effort, one that marshals the information and expertise from hundreds of companies across many industries, is a successful model to help provide businesses opportunities for veterans.

I thank you for the opportunity to testify today and I look forward to answering any questions you may have.

Chairman GRAVES. Thank you, Mr. Franklin.

Our next witness is Dawn Smith, who is the founder and CEO of Mystic Reme Teas, which is an online tea retailer in Greenville, South Carolina. Ms. Smith served eight years in the Air Force, completing multiple deployments in Iraq, Afghanistan, Turkey, and Germany, where she was in charge of managing troop and cargo movement and logistics. Ms. Smith is testifying on behalf of Business and Professional Women's Foundation. Thank you for being here. I look forward to your testimony.

STATEMENT OF DAWN SMITH

Ms. SMITH. Thank you, Mr. Chair, Madam Ranking Member, and members of the Committee, thank you for the opportunity to be here today. My name is Dawn Smith. I am the founder and CEO of Mystic Reme Teas in Greenville, South Carolina, and testifying today on behalf of Business and Professional Women's Foundation.

As a woman veteran who recently started my own business, I hope my experiences can be helpful to the committee as you examine which government and nonprofit programs can best assist and meet the unique needs of women veterans as they transition back to civilian life.

I am proud of my military service. I served in the Air Force for eight years and deployed six times to Iraq, Afghanistan, Turkey, and Germany. My expertise in the military was logistics, which means I was responsible for making sure that movement of both troops and cargo got to the right place and were on time. In both Iraq and Afghanistan, I was in charge of terminal operations for processing and loading more than 7,000 passengers and directing the shipment of hundreds of thousands of tons of cargo. My work was consistently recognized for meeting excellent delivery and departure standards. I also earned my MBA while in the military.

Because of my advanced logistics experience and MBA, I really did not think I would have a problem finding a rewarding career when I left the service. But when I returned home to North Carolina to raise my children on my own, I was not even considered for management jobs. Instead, I was offered positions like a warehouse worker, which I did not think utilized my skills, education, and experience. For a couple years, I took various jobs that did not fit my background, including working as a teacher, a secretary, since I

needed to feed my children. These jobs offered neither the career I was seeking, nor the salary suitable for my experience.

While working, I continued to look for more rewarding and financially secure positions. I returned to school to begin a master's degree in accounting, but looking for a job while managing the demands of work, school, and motherhood, I became discouraged. I knew I needed help, so I turned to the Internet to see what career resources might be available for a woman veteran. I was very fortunate to find Business and Professional Women's Foundation, a nonprofit organization that runs a free career mentoring program for women veterans, Joining Forces Mentoring Plus. What attracted me to the program was that working women volunteered for women like me, to help navigate us on a path to successful civilian careers and even pursue entrepreneur opportunities. Participants can access a "high-tech/high-touch" Internet community that includes experienced women mentors as coaches, navigators, and supporters for free.

I immediately signed up and was assigned a wonderful, accomplished mentor, Sandy Smith. Sandy worked with me one-on-one and was persistent in offering advice and support on everything from interview skills to resume development. She pushed me, checking on how many resumes I sent out each day. She helped me create a new mindset that gave me the courage to apply for positions that previously I would not have thought possible. In 2012, I was hired as an auditor by the U.S. Defense Contract Audit Agency. I am happy to report that my salary at this job is twice what I had been making previously. After the job, Sandy, my mentor, did not leave me on my own but coached me on office etiquette and protocols necessary to successfully navigate the civilian sector workplace. All of Sandy's mentoring and coaching paid off.

I love my job, and feel my career is now on very solid ground. But even though I love my job, I have always dreamed of owning my own business. With Sandy's encouragement and suitable mentoring, I was able to start my online store that sells my brand of tea. I am very excited that Mystic Reme Teas is currently in the final selection round to appear on Shark Tank. If I am chosen, I will be seeking funding to open my own tea bar.

I truly believe that none of this would have happened without the personal mentoring and wide array of career resources offered by BPW Foundation. It was so successful for me because it was designed by and for women. Other veteran-based employment and career development programs too often miss the unique elements and needs that matter most to women veterans. We need awareness and guidance and employment resources and programs that support and recognize the multiple roles impacting women veterans and their access to jobs.

I can attest to the fact that women leaving the service often face unique challenges, including single motherhood or caregiving for family members, including wounded warriors. Also, women veterans often do not identify as veterans and do not know that they can access a wide array of benefits. We are frequently looked at differently from our fellow male veterans. Women who served in war zones are often not afforded the same level of prestige as their male counterparts. Thanks to the general support of BPW and the

partners such as Alliant Credit Foundation, Booze Allen Hamilton, Citi, CVS, and others, there is no cost to participate in these mentoring programs. It is absolutely free for women who participate.

Thank you for this opportunity to share my story and tell about the resources that helped me begin my successful career and start my business. I hope that other women veterans will benefit from my experience and that the Committee will support programs that are tailored for the challenges and needs that our women veterans face as they seek meaningful lives after our time in the military. Thank you.

Ms. VELÁZQUEZ. Mr. Chairman, it is my pleasure to introduce Mr. Davy Leghorn. Mr. Leghorn is assistant director of the National Employment and Education Division for The American Legion, the largest veterans' service organization in the country. In his current capacity, Mr. Leghorn oversees the employment and small business portfolios and administers The American Legion's National Veterans Hiring Initiative. Prior to joining The American Legion, he served in the United States Army as both a mortar infantryman and a civil affairs specialist. Welcome.

STATEMENT OF DAVY LEGHORN

Mr. LEGHORN. Chairman Graves, Ranking Member Velázquez, and distinguished members of the Committee, on behalf of Commander Dellinger and the two and a half million members of The American Legion, we thank you for the opportunity to discuss our views regarding private sector initiatives for veteran entrepreneurs. The American Legion is one of the few organizations that deliver privately-funded resources exclusively to the veterans' community at no cost because we believe that our servicemembers, veterans, and spouses have already paid for our programs with their service. The bulk of our entrepreneurial resources are delivered bi-annually, coinciding with our winter conference and national convention. Our convention moves from state to state each year, and as such, we have managed to spread our services across the regions. Boost to Business, or B2B is a modular curriculum that has been piloted and is now being implemented. The curriculum was designed for transitioning servicemembers as a result of an agreement signed by various agencies to revamp the Transition Assistance Program in compliance with the 2011 VOW to Hire Heroes Act.

Boots to Business is a phenomenal off-the-shelf curriculum that can be tailored to serve different segments of the veterans' community. With minor adjustments, B2B was adapted exclusively for female veterans and spouses. This is the second year The American Legion has hosted a two-day women's entrepreneurship and resources workshop based off of this curriculum, and we have had remarkable attendance rates. One way we know we are delivering a quality product is when iteration after iteration we see next to zero percent attrition rate in attendance between the two days. Going forward, The American Legion will be working with Syracuse University and SBA's Office of Veterans Business Development to tailor the curriculum in a new program that will be called Reboots to Business where we will deliver the B2B curriculum to the rest of the veterans population. The first class of Reboots to Business will

be hosted in conjunction with our national convention this year in Charlotte, North Carolina.

Though our programs do not receive federal funding, we are utilizing a hybrid B2B curriculum developed by SBA's OVBD and Syracuse University. Further, our training sessions draw heavily upon SBA's grantees and resource partners for speakers and facilitators that ensure our training sessions are successful. Looking at the amount of interest from our small business workshops, The American Legion knows that our programs and services do not have the bandwidth to support the entire veterans' community. For instance, registration for our women's small business workshop recently held in Houston had to be capped at 120 registrants and additional people were regrettably waitlisted. Veterans came from as far as Nevada and Missouri to attend this event. Further, The American Legion only has one counselor on staff to assist with business formation and VA verification issues. We rely heavily on SBA's resource partners and our volunteers from The American Legion Small Business Task Force to act as mentors and advocates.

While there are a few free entrepreneurial programs and counseling services for veterans, it is hard to find services that are both, one, exclusive to the veterans' community, and two, do not receive federal funding. The more dependable entrepreneurial programs for the veterans' community have been the federally-funded programs, such as the Veterans Business Outreach Centers (VBOCs) and the versatile Boots to Business curriculum, and the myriad of many MBA programs for veterans that are hosted at various universities.

Entrepreneurship training requires the kind of expertise that is gained through experience. Veterans need counselors who understand their culture and experience. VBOCs fill this void and provide a unique service to veteran entrepreneurs that cannot be duplicated by existing programs within SBA or VA. Ideally, The American Legion prefers that VBOCs retain sole ownership and deliver B2B to transitioning servicemembers, but unfortunately, after 15 years of program growth, the network is still too small and underfunded to support this task.

Small business outreach and training programs offered through prime federal contractors only work with established businesses and rely on proceeds from federal contracts for support. Veteran entrepreneurship programs funded by philanthropic support alone rarely lasts more than a couple years. The most reliable entrepreneurship programs available for veterans are the Training and Assistance Programs offered through SBA's OVBD. Any discussion that seeks to reduce funding or inhibit the operations of this office will be met with opposition from The American Legion.

Assistance to veterans who have honorably served our nation is an earned benefit. Historically, the support for veteran-owned small businesses has been strong and bipartisan. The American Legion looks forward to working with this Committee on these issues. Thank you for the opportunity to testify, and we look forward to any questions the Committee may have.

Chairman GRAVES. Thank you, Mr. Leghorn.

Our next witness is Charleston Malkemus, founder and CEO of Gozump, Inc., from Miami, Florida. Gozump is a real estate brokerage championing home buying for military families. He serves as

a major in the United States Marine Corps Reserve, where he is a ground intelligence officer and led a scout sniper platoon through two combat deployments in Iraq. He is testifying on behalf of the U.S. Chamber of Commerce Foundation. Thanks for being here, and I look forward to your testimony.

STATEMENT OF CHARLESTON MALKEMUS

Mr. MALKEMUS. Thank you, Chairman Graves. Good afternoon, distinguished members of the Committee. My name is Charleston Malkemus, and I am the founder and chief executive officer of Gozump, Inc. Thank you for providing us with an opportunity to discuss with you veterans and entrepreneurship.

The “next” greatest generation of America is coming home. Over the next five years, America will have more than a million servicemembers transitioning, who have been fighting this nation’s battles for over a decade. They have endured every hardship known to man. They have been diplomats and community leaders, restored people’s homes and freedoms, solved problems of unparalleled complexity, and led some of our nation’s best and brightest. All of them volunteered to serve and potentially sacrifice for the greater good of America. They represent less than half a percent of the population and are this country’s greatest resource.

We have an opportunity today to capitalize on the surge of veteran talent coming home in order to move America forward. Whether through America’s small businesses or leading new ventures, veterans have a wealth of capabilities that are ideally suited to solving this nation’s problems. While they will be confronted with many challenges reintegrating into civilian life, none will be greater than finding a way to continue to serve. Communities and businesses will benefit the most from directly engaging veterans with their problems and providing them with the resources and equipment to overcome them.

Private sector initiatives have to be prepared for transitioning veterans. Hiring Our Heroes, a program of the U.S. Chamber of Commerce Foundation, is an excellent example of the efforts that are necessary. Working with their vast network of chambers and strategic partners, Hiring Our Heroes has been creating a movement across America. They are rallying communities to find veterans, and their spouses, meaningful employment while supporting the work of veteran-friendly businesses like Gozump.

Gozump’s story began way back on the battlefields of Iraq. Like many entrepreneurs, I had a personal friction point, and during my second deployment, I was leading a scout sniper platoon through Operation Steel Curtain. I received an email that said the real estate market back home was not looking so good, so I realized, okay, I am going to have to do something about it. When I got home, I was confronted with the very real challenges of having to go through the friction points of selling my home, very similar to what I had to go through when I was trying to buy my home, being relocated out to Camp Pendleton, California. When I started to investigate this problem, I realized there really was not any sort of application or solution that was out there at that time, a very comparable story to many entrepreneurs across America.

I quickly realized not too soon after that, when the real estate market started to come crashing down, that this was some friction points that more than myself and many Americans were feeling. After many years of research, a lot of sweat and equity, recruiting, I was eventually able to lead a team of Marines that all decided to go out and combat this problem, and today, home buying still persists as probably one of the most frustrating problems in America within the Internet age.

We had the fortunate opportunity of being selected last year for a competition within the Chamber of Commerce. They were trying to find one of the most veteran-friendly small businesses in America, and we were honored with being selected as one of the top four for that competition. But my initial introduction to the U.S. Chamber of Commerce went back to when I was a unit commander of 156 marines in Hialeah, Florida. And I will be honest with you. A lot of those marines were having trouble finding employment. Some of them were sleeping in their cars. People who had gone over to Iraq and fought, they were sleeping in their cars, and these were distinguished men and women of America. They were struggling to go to school, have a better life, feed their families. They were trying to transition into civilian life as best they could, and for the most part, they were met with a lot of frustration.

Me and my team decided to volunteer. We got involved. We got committed. We spent hundreds of hours—Joint Task Force, regional boards, business breakfasts. And I will be honest with you. The commentary that we heard from most of the business leaders is that there is a great feeling of alienation with their military. They do not identify, and PTSD and the campaign for post-traumatic stress disorder has really only increased that feeling of separation. It is an unfortunate situation because so many men and women who have served obviously have those type of conditions, but the lack of knowledge around it has fostered this kind of impression that they do not know how to effectively deal with it.

As an American veteran and entrepreneur, I have enjoyed great satisfaction working in the start-up community, and it was not until attending a Hiring Our Heroes job fair that I realized that veterans themselves as a community are ideally situated for start-ups and small businesses. A start-up is the closest professional replacement for military life. Veterans are not only familiar with high stress, fast-paced and volatile working conditions, many of them thrive in them. They have been conditioned to work insane hours to accomplish incredible objectives and never worry about yesterday's disappointments. Over the next five years, small businesses in America will have this unique opportunity to tap into this veteran talent pool.

Now, as Chairman Graves had alluded to earlier, studies have shown that over 45 percent of military veterans are more likely to start a business, twice as likely to succeed, and favored by consumers 70 percent of the time. Despite these odds, they will need both direction and resources to be successful. Unfortunately, a national veteran program for entrepreneurship on par with the Chamber Foundation's Initiative for Employment does not exist. As a team, we have recognized this as a critical shortfall to a veteran's successful transition and have decided to launch a program in

South Florida. Veterans are best positioned to solve problems, whether as valuable team members in America's small businesses or leading new ventures.

Chairman Graves, distinguished members of the Committee, I thank you again for the opportunity to testify and look forward to answering your questions.

Chairman GRAVES. Thank you all very much, and we are going to start questions with Mr. Bentivolio.

Mr. BENTIVOLIO. Thank you very much, Mr. Chairman, and thank each and every one of you fellow veterans. Good job. I am very proud, Mr. Franklin, great organization, UPS, but I have a question, Ms. Smith, you have experience in the Air Force as a logistics person, and it seems to me that you might be more UPS oriented. So did you look into UPS at all?

Ms. SMITH. No, sir. I did not look into UPS.

Mr. BENTIVOLIO. Okay. While, I was thinking about this and reading over the briefing that I have for this hearing, I was going through it and I just wanted to point out to the chairman and anybody else who cares to listen, that this is a field manual from the United States Army. It is 101-5. And in the back here you will find a document called an operational or op plan. Are you familiar with that, op plan? You know, it does not—go ahead.

Ms. SMITH. Yes, sir. I am.

Mr. BENTIVOLIO. Yeah. It does not take much to—well, if you are familiar with this, you can apply this for a business plan, could you not? And I think just recently, business plans have become more important when we start a business. And I think the surge in the military of teaching soldiers what an operational plan is all about, you know, with little imagination they can apply that same format to a marketing plan. Am I correct?

Ms. SMITH. Yes, you are, sir.

Mr. BENTIVOLIO. So being in the military, you are not only learning the job and a skill may not be related to your civilian career, but there are things in the military you can apply as the chairman and the ranking member pointed out—communication skills, leadership skills, that kind of thing; right?

Ms. SMITH. Yes, sir.

Mr. BENTIVOLIO. Mr. Malkemus, you focused on post-traumatic stress. You mentioned that in your testimony.

Mr. MALKEMUS. I did. I did. Yes, Congressman.

Mr. BENTIVOLIO. Just a little sidebar here. I do not consider that a disorder. I think it is misnamed because every veteran that has experienced combat comes back with some post-traumatic stress, and I think it is a natural thing. They have experienced something few people have experienced, and to call it a disorder is the wrong thing. I think it is discriminating and it is unwarranted. But soldiers that have been in combat know what it is like to take a lot of stress and still do the right thing; correct?

Mr. MALKEMUS. Oh, I agree completely with you, Congressman.

Mr. BENTIVOLIO. Just like in business.

And Mr. Franklin, if you do not mind here, how would you describe to the Committee, or would you describe to the Committee

how you initially found VetFran initiative? Did you say that or did I miss it?

Mr. FRANKLIN. No, sir. I did not. I shortened my written testimony, shortened it for the speech. It is actually Google. I found it through Google. As I said, briefly, I was transitioning and saw the opportunities for me to go into different management jobs and decided I wanted to do something completely different and decided—I wanted to look to see what opportunities I could have to work for myself. That is what seemed most appealing.

Mr. BENTIVOLIO. Every soldier knows how to use social network after they have been deployed.

Mr. FRANKLIN. Absolutely. Absolutely. I agree.

Mr. BENTIVOLIO. Go ahead.

Mr. FRANKLIN. I was just going to say, so I just Googled veteran franchise opportunities and VetFran came up. I went there and it is more of a resource, just connecting information with veterans that are interested. It lists how much it costs to get into the different franchises, hundreds of different franchises, and every veteran has a different personal financial ability, and then I was able to match up what I could do with what was available and that is really how VetFran helped me out and that is how I found it.

Mr. BENTIVOLIO. Very good. God bless the UPS for giving this opportunity to our veterans.

Mr. FRANKLIN. Absolutely.

Mr. BENTIVOLIO. What advice would you give to other returning veterans searching for business opportunities?

Mr. FRANKLIN. Do not limit yourself. I guess one of the things I think that VetFran can help someone do—and this is my own personal experience talking to other veterans is, you know, veterans do not really consider franchising as an option because they see the price tag. And there was this price tag and it required me to take a loan and use a lot of my personal savings to get into it, but it required me to sort of ignore a lot of risk, which I know most veterans probably are a little more willing to accept a little risk. But I think do not limit yourself.

Mr. BENTIVOLIO. Veterans willing to accept a little risk?

Mr. FRANKLIN. A lot of risk. We will put it at a lot of risk, sir.

I think not limiting yourself. That is probably one of the biggest things is just do not look to see what the opportunities are and then say, well, I cannot do that. I think going in with an attitude of let us at least try. Let us give it a try.

Mr. BENTIVOLIO. Speaking of risk, veterans know about risk assessment, do they not?

Mr. FRANKLIN. Absolutely, sir.

Mr. BENTIVOLIO. They know how to evaluate a situation or a mission and put together a risk analysis, do they not?

Mr. FRANKLIN. Sometimes to a painful point.

Mr. BENTIVOLIO. Yes, very good.

I see I have run out of time. Mr. Chairman, thank you very much. I yield back.

Chairman GRAVES. Ranking Member Velázquez?

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Mr. Leghorn, in testimony given to the committee, witnesses have stated that veterans generally hire other veterans. Moreover,

disabled veteran businesses are much more likely to hire other veterans with disabilities or join with other such businesses to compete for a contract. Therefore, at a time when the unemployment rate for veterans returning from Iraq and Afghanistan is over nine percent, it is vital that we get contracts to these businesses. I would like for you to share with this committee, do you feel that breakdowns at individual agencies have impeded the ability of veterans small businesses to get contracts within the federal marketplace? Do you think that the federal marketplace contracting practices in any way do not provide a level playing field for veterans to be able to do business with the federal government?

Mr. LEGHORN. Thank you for your question, ma'am.

We do feel that there are certain barriers for veterans to get contracts in the federal procurement space. Namely, a lot of that comes from the Department of Veteran Affairs. Granted, they are doing a better job of verification. There are still some lapses in I would say judgment calls in some of the cases that I have worked with. So, for example, I have had a recent case, a small business, very complex structure. She had a lot of her joint ventures stripped of a CVOSB status because of the lengthy verification process. So administratively, there are barriers. Again, it is at the Department of Veteran Affairs.

Ms. VELAZQUEZ. Okay.

Ms. Smith, because of limited access to credit and lingering economic uncertainty, many VC firms are hesitant to invest in startup firms. Besides tax policies, how can we encourage more angel investors and private foundations to invest in new veteran-owned enterprises?

Ms. SMITH. Madam Ranking Member, that is a very good question. I think the problem is a lot of people are scared to invest in businesses, and I would just suggest that they take a chance for veterans because we have really great resources with veterans and veteran-owned businesses.

Ms. VELAZQUEZ. Okay.

The SBA offers average programs designed to provide a wide array of services to both prospective and established business owners. Before you reached out to the foundation, had you pursued any services from the SBA, like the Veterans Business Outreach Center? And if you did, would you share your experience?

Ms. SMITH. Yes, ma'am. I am glad you asked that question because honestly, to start my business, I was aware of the Patriot Express Loan through the SBA and I tried initially to go through them to get funding for my business. Actually, my business is completely my own investment. I strapped the whole thing. I was denied, and I thought the process was supposed to be easy and simple for veterans, especially if you have great credit, like I do, and you have a great business plan.

Ms. VELAZQUEZ. So you applied for a loan and the loan was declined?

Ms. SMITH. Yes. And they made it seem like it was a lot of different loops and barriers that you had to go through. And that seems to me very discouraging for veterans, especially when you have all these avenues for veterans that are supposed to make the system easier. So it was discouraging and then I just decided to go

for it myself with my own money. And thankfully, I am, like I said, at the final rounds for Shark Tank because I took that initiative on my own. But I think there is a breakdown, some type of disconnect with the programs that they say are available and funding that is actually available to the veterans.

Ms. VELAZQUEZ. Well, maybe later you can share with me the specific reasons for them not approving your loan.

Ms. SMITH. I would love to, ma'am.

Ms. VELAZQUEZ. Okay. Thank you.

Thank you, Mr. Chairman.

Chairman GRAVES. Mr. Collins?

Mr. COLLINS. Thank you, Mr. Chairman.

You know, again, thank you all for your service. And what I am trying to get my arms around a little bit is when I look at some of the preparation materials here it says that basically today the unemployment rate for veterans is 6.9 and for the rest of the population 6.7. So not to say 6.9 and 6.7—I think they are fairly similar. I am just wondering as I look at veterans and knowing myself as an employer, I will hire a veteran over someone else every day of the week because of what you have been through and all the training you have gone through. So I am wondering if some of the unemployment numbers have to do with the fact you have got a lot of veterans coming out just starting to look for jobs. For instance, if you looked at the unemployment rate of recent college graduates, God only knows what that is. That is probably 20 percent. Veterans coming out of the war are new to the workforce looking versus when you look at the entire civilian population. That includes everyone that has been working 10 years, whatever. I just wonder, you know, maybe Mr. Leghorn, do you think it is statistically significant the 6.9, the 6.7 and you are measuring folks just entering the workforce against folks that have been in the workforce?

Mr. LEGHORN. I will admit the overall unemployment rates are really similar right now, but we, of course, focus on our post-9/11 veterans, which is substantially higher compared to their civilian counterparts. And when administering our services, as of right now that is what we are attacking, because if we can lower it there, we can lower the entire unemployment.

Mr. COLLINS. I think maybe the point I am trying to make is what we should be doing is looking for jobs for everybody. We need the economy to move. If the entire economy was growing three and a half percent, we might not even be having this hearing. I do not know. I think the biggest issue I see is an economy that is stuck for a lot of reasons, tax policy being foremost.

The remaining time, certainly, Ms. Smith and Mr. Franklin, when I look at starting a business, and I have done that, number one, you need a good business plan. Number two, you need access to capital. And number three, you have to have a willingness to give up equity. That is the most painful piece. You are going to do the work. You are going to put your neck on the line and somebody else wants half your company. What do you say to folks, veterans trying to start their company? Do you agree that those are the three key ingredients, and if you do it right, as frustrating as it is to get turned down on a loan, you just go find one another way?

Ms. SMITH. Sir, I would have to agree with you 100 percent because, like I spoke earlier, I was turned down on a loan but I believed in my company and I believed in what I could do. And I knew I had a sound business plan, so I just invested in myself. And sometimes you have to take that risk. Fortunate for me, I had enough resources to start my business. Right now it is online, but I plan to actually have a storefront at some point.

Mr. COLLINS. So if somebody had said to you, "I will give you the money. I am not going to loan it to you. I will be an equity investor but I get 40 percent of your company, 40," would you have taken their money?

Ms. SMITH. I would probably try to negotiate at first. But I would consider it simply because I want to make my company successful. But ultimately, I would have to negotiate, sir.

Mr. COLLINS. What about you, Mr. Franklin? As a franchise owner, I am assuming you own it.

Mr. FRANKLIN. Yes, sir. Sole proprietor. As far as putting it all together, I did. I liquidated all of my personal assets, which was pretty much everything I had. I did not have a mortgage or anything. Luckily, the Navy did not give me the time to really settle down in any one place. So I took that and I leveraged that position where I was at when I transitioned to say, okay, I am willing to risk it all, and I did that. And actually, I got a SBA loan to finance part of the startup. And actually, the first bank I went to I was denied a loan, too. It was their own internal happenings that they did that. But then I was approved from a few other banks. It is one of those things that not only did I invest all of my personal assets, I then went and put myself in a lot of debt and that is something that I think is a real consideration that someone with a family, I would not want to do that.

Mr. COLLINS. I think veterans make perfect entrepreneurs coming from where they do and whether it is the SBA or other resources, it starts with a business plan that is real and it is realistic and so forth. And then access to capital. But the killer many times I have found is the willingness or unwillingness to give up equity because you say I am going to do all the work and somebody else is going to take 30 percent, 40 percent. Welcome to the real world. And that is part of my message to anyone starting a new business is he who has the gold makes the rule.

Thank you, Mr. Chairman. I yield back.

Chairman GRAVES. Ms. Hahn?

Ms. HAHN. Thank you, Mr. Chairman. Thank you for holding this hearing. It is really important. And I would also like to take a moment to thank all of you for being here. Each of you have served our country and now you have found your own way to break into entrepreneurship, showing again that our brave men and women in our Armed Forces are clearly the best of the best, and we appreciate it.

I hope what we are hearing today is going to help us as we move forward trying to connect our veterans with jobs and with business opportunities. This unemployment rate of our veterans since 9/11 is really disturbing that it is so much higher than the national unemployment rate. Women veterans have the highest unemployment rate in this country. And then there are the homeless veterans,

which is so disturbing to me. In Los Angeles County where my district is, we have over 6,000 homeless veterans, the largest concentration of homeless veterans in this country. So this is a real problem, and we all say we want to support our veterans and support our troops, but the fact of the matter is when you come home, it looks like there is very little support in really having you transition to the civilian life.

I wanted to follow up a little bit, Mr. Malkemus, with the issue of PTSD. And as one of our colleagues said earlier, maybe we are labeling it wrong as a disorder and maybe if we change the name of it, it might be different. It is something that every veteran suffers. But clearly there is a stigma, as you said. Even when you look at the facts of the Hire Our Heroes Program through the Chamber of Commerce, we have got pledges to hire like 409,000 veterans, but it is not matching up with the actual veterans hired. So is it true that some business owners are admitting publicly or privately that they are less likely to hire a veteran because of the stigma of PTSD? And maybe you could speak a little bit more about this stigma because it does exist, and maybe what we can do to address this issue without downplaying the seriousness of this issue for our veterans?

Mr. MALKEMUS. Sure, Congresswoman.

I would say privately I do not think most business leaders at this point are anything but supportive of veterans. But clearly, if you are evaluating two candidates and one has something that could be a potential risk that they do not know how to deal with professionally, which right there is already a lack of understanding that they would think that they may need to deal with something as opposed to these are some very talented people that could come in and probably restructure whole departments or divisions of your operation based off of their skillset and what they have already done for us in the country.

I will tell you just a good caveat for Hiring Our Heroes and their job fairs which I think in terms of an organization for finding meaningful employment, they have done more than any other that I have come across. And I think they have probably brought the business community more to the veteran table than anyone else. But I will say they have their work cut out for them, and a lot of that is on the business community side.

I was a graduate of the University of Pennsylvania. When you graduated from that university, you had managing directors, top level executives coming to cherry-pick off the best and brightest talented out of that university. They were going straight to Wall Street in banking jobs. You go to even a top level—you could have colonels at that job fair. You will not see those type of recruiters at that job fair. So clearly those companies are sending who they think they are going to find there. I mean, that right there tells you already how they are valuing the veteran talent that is coming out.

Ms. HAHN. Thank you.

Before my time is up, Ms. Smith, I really appreciated your testimony. It is very inspiring. You talked about how only four percent of veteran-owned small businesses are owned by women, and as a female veteran and mother, you struggled for a while to find a job

that both supported your family and matched your skillset. I am happy, and it was great to hear about the Business and Professional Women's Foundation and your mentor, Sandy Smith. What do you think we can do to improve services that are available so that we can connect with women veterans sooner before they run up against so many obstacles and so many frustrations? What can we do better?

Ms. SMITH. Well, ma'am, I am glad you asked that question because normally when we leave the military we are offered the Transition Assistance Program, and that program it is supposed to gear you for the civilian life. However, it did not help as much as it says it will. I think if we put programs like Business Professional Women's Foundation in touch with veterans or, excuse me, soon-to-be veterans as they transition out of the military on bases and actually let them be aware, promote them more, get their name out so that people will know that there is a program that is 100 percent free for women veterans who are there to help you, and I really love that program. I love what they have done for me. And they really changed my life. So I believe in that program because it has helped me tremendously. I just think getting the name out and making veterans or military females aware this type of program exists and there are people out there that really care about you.

Ms. HAHN. Thank you. That is an interesting concept to put these resources on the bases before you transition, and a lot of you are shaking your head on that. I know I am out of time, Mr. Chairman. Thank you. I yield back.

Chairman GRAVES. Mr. Rice?

Mr. RICE. Thank each of you for your service.

Ms. Smith, a special thanks to you since you are from my home state of South Carolina.

I just have one question I want each one of you to answer, and maybe you cannot think of it right now, but if you had one thing, if each one of you could be Congress for a day and there was one thing that we could do to make it better for veterans, what would it be?

I will start with you, Mr. Leghorn.

Mr. LEGHORN. Wow, it is kind of hard to be put on the spot. If I was a congressperson what I would do is I would definitely try to bring some of the programs that Ms. Smith talked about onto the DoD's Transition Assistance Program. That is just off the top of my head what I would do. There needs to be a little more private sector involvement in that program.

Mr. RICE. Thank you, sir.

Mr. Malkemus?

Mr. MALKEMUS. Congressman, thank you. I would say change the conversation. Right now about veterans you hear a lot about certain aspects of what they have dealt with, and I would say why does it matter? Why do we care about veterans coming home and transitioning? And I would say the truth of the matter from my perspective is it is talent. This country needs talented people to start leading itself out of economic stagnation or whatever else you want to say. Whatever problems we have, these are people that have been out there solving problems in foreign countries and

doing incredible things. Americans need to understand that from a different perspective. So I would say change the conversation.

Mr. RICE. Thank you, sir.

Ms. Smith?

Ms. SMITH. Sir, what I would do is really provide funding to the veterans in the programs that actually benefit the veterans, because there are very few programs that truly benefit the veteran and are willing to help them 100 percent.

Mr. RICE. Can you help us identify those?

Ms. SMITH. Well, one, of course, is DPW. I can attest to that. Hire Our Heroes. I also know about them as well, and they help veterans as well. So yes, really providing the funding and actually getting the funding in place and also getting the veterans connected with these programs. That would be the thing.

Mr. RICE. I would like your opinion on some that do not help as much.

Ms. SMITH. Yes, sir.

Mr. RICE. You do not have to do it right now.

Ms. SMITH. Yes, sir.

Mr. RICE. Maybe we could follow up after.

Ms. SMITH. Yes, sir. I would love to do that.

Mr. RICE. Thank you.

Mr. Franklin?

Mr. FRANKLIN. I think to follow up on what Ms. Smith was saying and maybe to help answer your last question was I was thinking how can we help the veteran, connect the veteran with opportunities. And I think the VA does a very good job of helping, of offering services to veterans, but if we truly want to help us make a decision on what we want to do with our life rather than say here is an example. The GI Bill is great. I do not want anything to happen to it. But say, "Go to school. Here is your only option." I wanted to open a business. I was actually in grad school. I was funding it myself. I gave up grad school and decided to use my money to open my business. There was no support from the VA for any type of financial incentives to open a business. Maybe have the organization look into doing something like that.

Mr. RICE. In lieu of?

Mr. MALKEMUS. I understand that there is a budget. As a business owner, I understand a budget. You just cannot create capital.

Mr. RICE. I almost got the impression you were saying in lieu of tuition assistance.

Mr. MALKEMUS. And again, I said I do not want to take away from the GI Bill, but maybe create a separate program. We already have a framework of successful programs, like the VA home loan or the GI bill, but what about veterans that want to do something else with their life than own a home or go to school, veterans that want to open a business? I think maybe trying to look into something like that to support the veterans. That would be one of the things I would want to do.

Mr. RICE. Ms. Smith, I heard you say that the Transitional Program was not that helpful to you. And you are not the first person I have heard say that. What can we do to improve that? What can we make it better? Because I have never heard anybody say positive things about it. All I have ever heard people mention is nega-

tive. Maybe that is only because we only hear the negative, but what can we do to make that transitional program useful?

Ms. SMITH. Sir, honestly, my experience with the Transition Program is just kind of like you get pamphlets saying a brief overview of what to expect in the civilian world. I think that it is not the people that are actually in the civilian sector who are running these programs or who benefit. That is why I said maybe putting programs like BPW or even some civilian companies that, okay, this is what I am looking for, this is the type of skillsets that I would like you to have, so the transition would be smoother for veterans leaving the military. They will say, "Oh, yes. I have this skillset." Or "Yes, I have this knowledge." And it would make it, I think, a lot easier.

Mr. RICE. Thank you, ma'am. My time is up.

Chairman GRAVES. Ms. Chu?

Ms. CHU. Yes. Mr. Leghorn, your testimony makes it very clear that The American Legion and other veteran service organizations are strongly supportive of the Small Business Administration's efforts to assist veterans in realizing their dreams of entrepreneurship. And in fact, I noted with interest your testimony with that said that The American Legion is disappointed in the recommendations of the House Committee on Small Business that proposes federal budget cuts that would eliminate the Veteran Business Outreach Center in the most recent publication of Views and Estimates. I would like to make it clear that I am not supportive of these cuts, and in fact, I agree that the Veterans Business Outreach Centers fill a critical void that cannot be filled or duplicated by other programs, such as mentoring and veteran-specific assistance.

Can you tell us how the services provided by the centers differ from private sector initiatives?

Mr. LEGHORN. Thank you for your question, ma'am.

The VBOCs, I have only visited a few of them, but from the few that I have visited, they are run by people that have been in the military. They understand the experiences that veterans have and they offer programs and services that cater to a certain set of experiences. And a lot of times, because they have a smaller caseload—well, not a smaller caseload but the one-on-one type really "high touch" services are a little bit better in terms of they really become friends with the people that they counsel, and a lot of times I know some of these VBOCs are open or are accessible to the veterans on weekends and even on the holidays and even at nights because, again, it is kind of like a military courtesy. And that is, yeah.

Ms. CHU. Okay. Last week, the Small Business Committee held a hearing entitled "SBA Initiatives: Necessary or Redundant Spending," and I asked a lot of questions about the Boots to Business Program. Could you tell us why this program is unique and not redundant, because I understand that that is your view?

Mr. LEGHORN. We feel that it is a really good curriculum because it is modular. You could take modules and by changing the guest speakers or the panels, you could address different segments or you could apply it to different segments of the veteran population. We did it successfully for female veterans and spouses. And this curriculum is not really redundant because it is not on par

with the mini MBA courses that are happening at the universities. It is like a really—it is a crash course. It is a two-day crash course that pretty much tells somebody that maybe did not know anything about entrepreneurship and lets them know what is involved and really sits them down and makes sure that they know what they are getting into. We do not see too many programs and services like that. A lot of these programs go really deep into the weeds, which is really good, but when we are dealing with transitioning veterans or transitioning servicemembers and veterans that do not even have a business plan, a lot of them have not even registered their business, that is who this program is geared towards.

Ms. CHU. In fact, you talked about the unique set of challenges that veterans have because of their experience of being in the military. Could you talk about that a little bit, such as the lack of accumulation of assets and things like that?

Mr. LEGHORN. Yes. Most of our veterans coming out of military service do not have collateral for loans, and in fact, that is the reason why the Patriot Express was so underutilized because we lack collateral. If we had collateral, we would be able to use a regular loan product and would not have to rely on the PXL. So that, of course, is one of our challenges. And of course, for those that do have collateral or a really good business plan and were able to get a loan, a lot of times they find themselves paying off their loan, and that is principal and interest, with the money that they had just taken out from the bank because, again, a lot of my small businesses that I counsel do not make money in the first months, maybe year.

Ms. CHU. Thank you. I yield back.

Chairman GRAVES. Ms. Meng?

Oh, she is not here.

Mr. Schrader?

Mr. SCHRADER. Thank you, Mr. Chairman.

Just a general question. Mr. Franklin indicated some familiarity already but were all of you aware of the Small Business Administration when you got out of the service?

Okay. Nodding heads. Good. That is good.

So then maybe start with Mr. Franklin. You had some experience in trying to get a loan and you say you actually were able to get a loan or part of a loan. Could you describe your experience and what particular challenges you came up against?

Mr. FRANKLIN. Yes, sir. The challenges I faced I think were more internal. Every bank operates differently, even under the terms of the SBA loan. And all the banks that I went to were preferred SBA lenders, which means that the bank internally does all the paperwork and in the end they make the final decision and then they notify the SBA. And I think that is something that until you actually go get an SBA loan you do not realize that that is part of the process. So I was really adamant educating myself and I was going to go get a Patriot Express loan. And I found out that it really did not offer any benefit that a regular SBA loan could give me. And so going from there I was, like, okay, that is fair. But getting an SBA loan, it was more the banks themselves, and that is what I started talking about is the way every bank did their math differently. And two of the banks I was approved from wanted me to

liquidate my IRA which I thought was a little too much. And so essentially, I actually went back to both banks and said, "So you are asking me to give up every cent that I have, because I am already putting else I have, and then liquidate my IRA. What happens when I run out of capital, which you are going to loan me? I now have no money to come back and say can you loan me some more. You are not going to want to do that." And they said, "Oh, really?" I was like, "Yeah, that is how math works."

That was the biggest struggle was the banks, the way they did their math was very protective. So it was not necessarily a problem with the SBA, it was the banks themselves.

Mr. SCHRADER. Okay.

Ms. Smith, any comments? Did you try for a loan?

Ms. SMITH. Yes, sir. I did. With my experience it was, like he said, the collateral and I did try for the Patriot Express Loan because I thought it was a small amount to ask for. And as I said, what I was doing, I also have children, so I was really willing to give up a lot just to get my business off the ground. So it just did not turn out, but fortunately, I was able to have enough funding from myself to start my company.

Mr. SCHRADER. Good.

Mr. Malkemus?

Mr. MALKEMUS. Sir, not for this company but I had the same experiences as both Ms. Smith and Mr. Franklin. The Patriot Express Loan was one of those things that you thought you had as a benefit being a veteran, and you walked into any bank and they basically explained to you that it was just a regular small business loan, 30 percent collateral required.

Mr. SCHRADER. That is sad. That is sad, because that was not our intent obviously at the end of the day.

How about the Small Business Centers? Do you guys have any experience with them? Do you get any education or frustration with them?

Mr. Malkemus?

Mr. MALKEMUS. I can comment. I have had exposure to a variety of the SBA resources for almost 15 years when I initially started trying to do my first startup company. And back when I was doing that, they were the only people on the block that you could go to for resources and networks and access to anything, any information on entrepreneurship. And I went to Penn. They had a lot of wealth there for an entrepreneur. Today, there is just so much. I mean, especially in the last eight years, there has been an explosion in the knowledge base from the startup community on lessons learned on how to launch startups faster, cheaper, and more effectively than ever before. And I would say a lot of that information that is out there, a lot of those methodologies are still kind of only found in certain pockets and communities that have that. But there are veterans in those pockets and communities and they are trying to tap into the veteran community.

Mr. SCHRADER. Do you think most of your colleagues, veterans coming out know anything about the SBA and small Business Development Centers?

Mr. MALKEMUS. I would say they have a better understanding of the SBA than they do the wealth and knowledge within the startup communities.

Mr. SCHRADER. Okay.

Mr. MALKEMUS. And that is a bit of a disconnect because a lot of those lessons learned would help them.

Mr. SCHRADER. Yeah.

Ms. Smith, do you agree?

Ms. SMITH. Yes, sir. I do.

Mr. SCHRADER. All right. Very good.

Well, you all are a lot smarter than I was. I was not a veteran, so I honor you for your service, but I was an entrepreneur and I was a lot more ignorant than you all are. So you are coming out a lot further ahead than a lot of young people in my day, and hopefully we will fine tune these programs and partner with the private sector. Like you said, there are a plethora of new programs out there where people can put people together in a much, much more intelligent way. The important thing is to get the word out, and I again thank you for your service.

I yield back.

Chairman GRAVES. Ms. Herrera Beutler?

Mr. Payne?

Mr. PAYNE. Thank you, Mr. Chairman. I also want to thank the ranking member. I would also like to thank all of you for your service and commitment to this nation and your service to this country and the military.

Let us see. Mr. Leghorn, in your testimony you mentioned that you believe small businesses are a community of individuals. You also mentioned that extended and multiple deployments by Coast Guard and Reserve members are destructive to a business. With this in mind, what are your thoughts on a program that creates business-to-business opportunities for civilian small business owners to link up with veteran entrepreneurs?

Mr. LEGHORN. We would definitely be in favor of more private sector involvement in veteran hiring space.

Mr. PAYNE. Sure. We believe that civilian owners could provide the stability while the veterans could bring a unique perspective and expertise. Can you speak on the pros and cons a bit more in reference to that?

Mr. LEGHORN. Can you repeat the question?

Mr. PAYNE. What the idea is is to create a linkature, as we call it, business-to-business opportunities, for civilian small business owners to link with veteran entrepreneurs. And when people have multiple deployments, a partnership of such would allow continuity for that business not to be disrupted by the member returning to a deployment.

Mr. LEGHORN. So are you saying that this program would somehow let—when the veteran deploys he would sub out his jobs or his—

Mr. PAYNE. That could be a way to look at it. You know, this is a concept, an idea, and to that point that could be something that potentially could evolve into as we look at it. But I mean, you know, part of the issue that was raised was that when a member gets deployed multiple times it disrupts their business, and then

they have to come back and try to put it together and move forward. So if there was a civilian partnership in that business, then the continuity and the consistency would remain during this military person's time of deployment if it is multiple occasions. So do you see where that concept could evolve into something that would help military members?

Mr. LEGHORN. Yes, sir. I do. With the up tempo of deployments, I think this is something that we could definitely work with your office on.

Mr. PAYNE. Okay.

Thank you. I yield back.

Chairman GRAVES. I want to thank all of you for participating today. As most everybody has said, thank you for your service very much. Your testimony today is going to help us better understand the importance of the training programs supporting our nation's veterans as they pursue business opportunities that are out there, and it is encouraging to hear about all the private sector initiatives that are truly helping our nation's heroes. And I do believe it is important to consider our federal programs in the context of what is happening in the private sector. So instead of duplicating the programs, we can focus on filling those gaps.

It has been an honor for me and the Committee members to have you here today. Again, we appreciate it, and with that, I would ask unanimous consent that all members have five legislative days to submit statements and supporting materials for the record.

Without objection, that is so ordered.

And with that, the hearing is adjourned.

[Whereupon, at 2:14 p.m., the Committee was adjourned.]

A P P E N D I X**TESTIMONY OF WADE FRANKLIN**

Owner, The UPS Store of Clarendon, Arlington, VA

Before the

**U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON
SMALL BUSINESS**

“Military to Entrepreneurship: Private Sector Initiatives to Help
Veterans Pursue Business Opportunities”

May 7, 2014

Chairman Graves, Ranking Member Velázquez, and members of the Committee, thank you for inviting me to testify on ways that the private sector can assist veterans in pursuing business ownership and other opportunities. My name is Wade Franklin, and I am the owner of a franchise of The UPS Store in Arlington, Virginia and a veteran of the United States Navy. I appear before you today on behalf of the International Franchise Association. I operate my store seven days a week, and I currently have three employees.

Franchising is a large community of diverse business concepts that all grow and operate using the franchise business model. In this model, entrepreneurs open their own businesses and purchase the rights to operate their business using the trademarks, products, and business strategies of a proven franchise system. Franchise businesses are very common in the restaurant and hospitality space, but franchising is also popular in business services, personal services, retail, and automotive.

With nearly one million veterans transitioning out of military service over the next five years, it is more important than ever that we help veterans re-integrate into the civilian economy. Our service men and women are looking forward to rejoining their families, going back to school, or starting their own businesses. It is both an economic necessity and a moral obligation for our country to facilitate this transition.

From Honor to Owner

I left the Navy in February of 2012, and was looking for employment opportunities during the previous fall. The most prevalent prospects were corporate management jobs that many former junior officers are drawn to. I saw many of my friends take jobs in various corporations, but I did not necessarily want to go down that path. However, I also was not sure where else to look. The idea of working for myself seemed appealing, but I did not know how to get the ball rolling on starting a business, and I did not have an original idea or product to form a business around. While searching

for veteran opportunities, I came across VetFran, the International Franchise Association's veterans transition program, and saw the financial incentives that hundreds of franchise systems offered to veterans who opened franchise businesses. One of the franchises that most appealed to me was The UPS Store, who also offered to waive their \$30,000 franchise fee for the first ten veterans approved as franchise owners in 2012. In addition to their generous financial incentive for veteran franchise owners, The UPS Store also partners with the USO, IFA, and Georgetown University to offer the Small Business and Franchise Management program to educate franchise executives and owners on franchising. Needless to say, a brand with an excellent reputation that was so actively recruiting veterans as franchise owners was obviously an appealing choice. I applied to become a franchise owner of a The UPS Store in January 2012 and was approved for a franchise the next month. I was one of the ten veterans that had their initial franchise fee waived.

There are obvious challenges to jumping straight into running a business without prior business experience, which few average veterans have. I went to the Naval Academy out of high school and spent seven years in the Navy after. My education and employment in the Navy was not focused on being a future business owner, and there should be no expectation that the military prepare future veterans to own a business. Opening a business is a unique challenge, and even more so for transitioning veterans. The military does a terrific job of supporting us while serving, but the enormous risk of opening a business in civilian life while leaving behind many of the resources previously provided by the military can be daunting, especially when there is such a large financial risk involved. To that end, private sector Franchise programs such as the International Franchise Association's VetFran program can be extremely beneficial in filling the support gap that often exists for veterans once they exit the military. For me, opening a business was not just a choice of which brand or business line appealed most to me. The most important part of the decision was assessing the financial resources available to me, and allocating those resources as best I could. That was, and remains, the most difficult obstacle for me to overcome in becoming a business owner.

Veterans and Franchising - A Good Fit

Franchise systems have complex yet effective operations guidelines, and the franchise owners that can best execute the system are the owners who can realize the most success in their businesses. Many of the qualities that make successful franchise business owners are found in our nation's service men and women, while the training techniques used in the military provide a significant skill set that is especially valuable in franchise owners. The attention to detail, situational awareness, and communications skills I learned in the Navy also translate very well to business ownership, and I don't think I could have learned those skills better in any other environment. Above all else, veterans possess the leadership skills necessary to run a successful small business, and to persevere through tough times to keep that business running.

For these obvious reasons, franchise companies actively recruit veterans as franchisees, knowing that veteran-owned franchises tend to out-perform other locations.

VetFran

Recognizing that franchising is a great fit for entrepreneurial veterans, the International Franchise Association launched the Veterans Franchising Initiative, or VetFran, in 1991 in an effort led by Don Dwyer, a United States Air Force veteran and founder of The Dwyer Group, a family of franchise brands. The initiative was launched to support veterans returning from the Gulf War in their transition to the civilian economy. VetFran is an industry-wide initiative to encourage franchise companies to both hire veterans as team members and recruit them as franchise owners. As part of VetFran, franchisors offer special incentives to qualified veterans who enter into franchise agreements. Incentives range from thousands of dollars in initial inventory, special financing on equipment, or a discount on the initial franchise fee, like what The UPS Store offered me when I opened my franchise. Some franchise systems even offer one free franchise to a qualified veteran franchisee each year.

VetFran members are also able to share best practices concerning the veterans having initiatives within their own companies, and the IFA's online VetFran portal helps prospective veteran franchisees connect with experienced store owners who are also military veterans. Just as veteran business owners are more likely to hire fellow veterans, dozens have also volunteered their time to guide prospective owners through the complex application process as a part of VetFran's mentorship program.

A survey of VetFran members reveals that the program has achieved impressive results. In 2011, IFA launched Operation Enduring Opportunity, a campaign to hire, and recruit as business owners, 80,000 veterans, wounded warriors and their spouses through 2014. In a report on Veterans Day in 2013, a survey revealed that the franchise industry has nearly doubled its hiring target. Since 2011, over 151,000 veterans have started careers in franchising. However, we are most proud of the fact that over 5,000 veterans have been recruited as franchise owners across hundreds of franchise systems. Unsurprisingly, the survey went further to indicate that veteran-owned franchises were more successful than other franchises, far out-pacing non-veteran-owned units in both sales and number of jobs created.

I like to think I'm smart and resourceful enough to have navigated my way through opening a business without the help of VetFran, but there's no doubt that the program was a significant catalyst in starting my business. All franchise systems are different, each had different benefits and disadvantages and the tools and resources provided by VetFran gave me the ability to compare opportunities and decide which one was best for me. There are many places where veterans can find information on a variety of different topics, especially with the increased public awareness and attention drawn to the issue of veteran unemployment. However,

there infrequently are these resources comprehensive enough to bring a prospective business owner from the beginning of the process all the way through to the end.*

Veterans Entrepreneurs Act of 2013

H.R. 3725, the Veterans Entrepreneurs Act of 2013, was introduced last year to assist veterans in opening franchise small businesses. It would provide a tax credit to qualified veteran franchise owners, worth up to 25 percent of the initial franchise fee, capped at \$400,000. In addition to the real estate, equipment and inventory necessary to open a franchise, the initial franchise fee is a significant investment, and remains a barrier to opening a franchise. I would not have been approved to open a The UPS Store without the franchise fee being waived. I did not have the personal financial resources to either produce an extra \$30,000 or borrow an extra \$30,000 from a financial institution. When coupled with the incentives offered by franchise systems through the VetFran program, this tax credit will go a long way towards helping veterans open new businesses and create opportunities for both themselves and others. A similar bill, called the Help Veterans Own Franchises Act, also exists in the Senate. The franchise community already has a demonstrated record of success in implementing veterans programs, and we believe that this legislation will serve to expand on that success while providing veteran entrepreneurs with a significant financial incentive to realize the American Dream of owning and operating their own small business. I believe that this type of effort, one that can marshal the information and expertise from hundreds of businesses across many industries, is a model of a successful toolkit to help provide business opportunities for veterans. I thank you for the opportunity to testify today, and I look forward to answering any questions you may have.

Testimony
of
Dawn Smith
Founder and CEO, Mystic Reme Teas
Greenville, SC
before the
Committee on Small Business
U.S. House of Representatives
May 7, 2014

Mr. Chair, Madam Ranking Member, and members of the Committee, thank you for the opportunity to testify regarding the importance of supporting women veterans through mentorship to realize their career and entrepreneurship goals. My name is Dawn Smith. I am the Founder and CEO of Mystic Reme Teas in Greenville, South Carolina, and testifying today on behalf of Business and Professional Women's Foundation.

As a woman veteran who recently started my own business, I hope my experiences can be helpful to the committee as you examine which government and nonprofit programs can best assist and meet the unique needs of women veterans as they transition back to civilian life. The importance of recognizing and sustaining women veteran focused career development programs or subsets that specifically address women needs is supported by my personal experience and that of many of my peers, as well as validated by research that demonstrates the difference in our needs relative to male veterans and all men.

Women-owned firms account for 30% (7.8 million) of all non-farms privately held U.S. businesses with potential to grow almost twice as fast as male-owned firms. Although there is so much potential for entrepreneurship, women veterans are significantly underrepresented among business owners. Veteran owned businesses account for approximately 14% (2.4 million) of U.S. small businesses, approximately 4% of which are owned by women. Obviously women veteran business ownership is not keeping pace with the overall growth of women's business ownership, which is growing faster than men's.

Proud to serve my country

I am very proud of my military service. I served in the Air Force for eight years and was deployed six times to Iraq, Afghanistan, Turkey and Germany. My expertise in the military was logistics, which means I was responsible for making sure that the movement

of both troops and cargo got to the right place and were on time. In both Iraq and Afghanistan I was a Terminal Operations Manager responsible for processing and loading more than 7,000 passengers and directing the shipment of hundreds of thousands of tons of cargo. My work was consistently recognized for meeting excellent delivery and departure standards. I also earned my MBA while in the military.

Road Blocks in the military to civilian career transition

Because of my advanced logistics experience and MBA, I really didn't think I would have a problem finding a rewarding career when I left the service. But when I returned home to North Carolina to raise my children on my own, I was not even considered for management jobs; instead, I was offered positions like a warehouse worker, which I did not think utilized my skills, education and experience. For a couple of years I took various jobs that did not fit my background including working as a high school teacher and secretary since I needed to feed my children. These jobs offered neither the career I was seeking nor the salary commensurate with my experience.

While working, I continued to look for a more rewarding and financially secure position, I returned to school to begin a master's program in accounting. But looking for a job while managing the demands of work, school and motherhood, I became discouraged. I knew I needed some help, so I turned to the internet to see what career resources might be available for a woman veteran. I was very fortunate to find Business and Professional Women's Foundation, a non-profit organization that runs a free career mentoring program for women veterans. What attracted me to their program, Joining Forces Mentoring Plus®, was that working women volunteers mentor women veterans, like me, to help them navigate the path to successful civilian careers, and if they desire, pursue entrepreneurial opportunities. Participants can access a free "high-tech/high-touch" internet community that includes experienced women mentors as coaches, navigators and supporters. Women veterans can be from all branches, eras, ranks and levels. And Joining Forces Mentoring Plus meets the woman veteran where she is—getting prepared to leave the service, just leaving the service, out a while but hasn't found the right job, unemployed or under-employed, has been working for some time but wants to take that next step to move up the career ladder or even start her own business.

Mentorship: the Missing Link

I immediately signed up and was assigned a wonderfully accomplished and enthusiastic mentor, Sandy Smith. Sandy worked with me one-on-one and was persistent in offering advice and support on everything from interviewing skills to resume development. She pushed me, checking on how many resumes I had sent out each day. She also encouraged me and helped me to develop a new attitude and mindset that gave me the courage to apply for positions that previously I would not have thought possible. As result, in 2012, I was hired as an auditor by the U.S. Defense Contract Audit

Agency, which required me to move to Greenville, South Carolina. I am happy to report that my salary at this job was twice what I had been making previously. After landing the job, Sandy, my mentor, did not leave me on my own but coached me on office etiquette and protocols necessary to successfully navigate the civilian sector workplace.

I loved my job and felt that my career was on very solid ground, but felt like something was missing because I had always dreamed of owning my own business. With Sandy's encouragement and sustained mentoring last year, I started an online store that sells my own brand of tea. I am very excited that Mystic Reme Teas is currently in the final selection round to appear on the ABC show Shark Tank. If I am chosen, I will be seeking funding to open my own tea bar.

I truly believe that none of this would have happened without the personal mentoring and wide array of high tech-high touch resources offered by BPW Foundation. Through my exposure to the organization and as a result of working with them, I have learned that BPW Foundation has always been concerned with the welfare of working women. From its early history BPW Foundation has worked to advance untapped populations in every facet of the workplace, including women in the green economy, young careerists, women with chronic illness, innovative employers, women business owners and women who have served our country. Having studied and elevated issues important to working women—particularly women in non-traditional occupations—for nearly a century, BPW is uniquely qualified to respond to the domestic and workplace needs of women veterans.

I also feel this program was so successful for me because it was designed to meet the needs of women veterans. The success of JFMP is directly related to its being designed by and for women. It is critical that women veterans be able to access targeted support that specifically addresses our needs. Generic veteran-based employment and career development programs too often miss the unique elements and needs that matter most to women veterans.

BPW Foundation's interest in women veterans began almost ten years ago, when they wondered how the growing number of women veterans was handling the transition back into the civilian workforce. What they discovered was that no one really knew; and worse yet, no one was asking. So BPW Foundation conducted a national survey of 1,600 women veterans—the first of its kind—and found that we have many unique needs. That, in turn, led to BPW Foundation's Joining Forces for Women Veterans 2010 National Summit and the resulting report that found **career mentoring** to be a key factor missing from our post-military transition into civilian careers.

My experiences are a great example of the amazing results mentoring can have on someone's career—particularly as they transition out of the military. And we know that mentoring works. Study after study has shown the benefits of mentoring including more career satisfaction, higher earnings and better productivity. And not just the mentee benefits from a mentoring program. Mentors also

benefit with learning new skills and ways of looking at problems. And not surprisingly, since both the mentee and mentor benefit, so do businesses that support mentoring programs. Not only do many top companies have mentoring programs but they benefit from more satisfied employees and show an extraordinary Return on Investment.

Addressing the Unique Challenges Women Veterans Face

I can attest to the fact that women leaving the service often face unique challenges and have unique needs including single motherhood or care giving for family members, including wounded warriors. Also women veterans often do not identify as veterans and don't know they can access a wide array of benefits. We are frequently looked at differently from our fellow male veterans. Women who served in war zones are not afforded the same level of prestige as their male counterparts.

This unacceptable situation resulted in BPW Foundation's call to action. With input from their Women Joining Forces Advisory Council, a career mentoring model was developed to respond specifically to women veteran needs for awareness and guidance about available support and employment resources; and one that recognizes multiple roles impacting women veterans and their access to jobs. It is based on a workforce transition model—Working Women Helping Women Work®—which brings experience, expertise, guidance and encouragement. Joining Forces Mentoring Plus® was launched in 2012, and now includes women veterans, military spouses, female caregivers of wounded warriors, and women who have lost a loved one serving in the military.

It is important to me that a core principle of BPW Foundation is to rely on evidence-based research to improve and upgrade the program. Programs that serve women veterans must respond to their unique needs, so BPW Foundation regularly surveys and speaks with program participants. They apply those suggestions and input to continually improve the design and development of the program.

For example, in 2013 they added a new “member” category, to allow participants to achieve a certain comfort level with the program before having to connect with a mentor (while still having full access to JFMP resources). This addition has met with much success, as many members choose to become mentees after a short amount of time.

BPW Foundation also learned that many women who have served our country are overwhelmed by the amount of information and choices out there, and are not comfortable trying a new program. Many rely on personal recommendations they receive via social media and networking. Thanks to Citi (a JFMP Leadership partner), BPW Foundation's JFMP program was selected as a participant in “Citi Skills Day”—a pro-bono opportunity to have a team of their in-house experts give advice to nonprofits. As a result of this training, a social media/internet marketing professional, a woman veteran business owner, was hired in the first quarter of 2014, to help better communicate with women veterans that JFMP

serves and wants to serve. This move has resulted in access to an even broader audience of women veterans and military spouses.

Finally, as demonstrated by my testimony today, BPW Foundation felt it was important to let a JFMP program participant tell her own story. Again the goal is to increase their confidence and comfort level; and provide experiential opportunities to women in the veteran community to advocate on behalf of themselves. Mentees and mentors have been interviewed and their experiences compiled into concise case-studies as well as magazine articles, exemplifying how this program can help women, like me, in specific areas such as employment, transitioning a successful military career to the civilian workplace; interview preparation and salary negotiation; starting or building a business and getting to that next career step.

Building Support for Women Veterans through public-private partnerships

I am not surprised that this program has been recognized on the national stage both through the White House's Joining Forces effort and the Clinton Global Initiative in 2012 and 2013. The value of JFMP mentorship was also showcased during the Veterans on Wall Street conference in November 2012 and 2013 and has been featured in a wide range of media. For example, my story was actually covered on NBC Nightly News.

One very important aspect of the program is the ongoing best practice of leveraging the strengths of JFMP public and private-sector partners, which have grown from 40 in 2013 to 70 in 2014. These partnerships have also enabled BPW Foundation to expand the reach of JFMP to include female caregivers of wounded warriors and women who have lost a loved one serving in the military. As a partner in the Department of Defense's Military Spouse Employment Program, mentoring resources for spouses are shared. In January 2014, a partnership was forged with Tragedy Assistance Program for Survivors (TAPS), which enabled JFMP to reach out to women who have lost a loved one serving in the military.

In their effort to reach even more women veterans and military/veteran spouses and recognizing the need for grassroots, state-level resources and mentoring, BPW now partners with the California Commission on the Status of Women and Girls, through a state-level portal, California Joining Forces Mentoring Plus. The program reaches out to California women veterans providing the same high quality free employment and career development resources, including identifying education needs, training, and credentialing programs, and job opportunities. The goal is for this type of state-level, public-private partnership to serve as a model for other states, particularly those with heavy veteran populations.

Collaboration and Information Sharing as a Resource Multiplier

We all know that government budgets are tightly stretched. That's why BPW Foundation focuses on collaboration and information-sharing among partners as a resource multiplier. More than

ever, coordination among service providers and across sectors is needed to most effectively deploy dwindling resources. This is especially true given the draw-down of troops in Iraq and Afghanistan, and the increasing number of military service members transitioning back to civilian life over the next few years. BPW Foundation is part of a coalition of veteran and military service organizations that meets regularly with the Army Public Affairs office to proactively address these concerns and to find solutions to meet the needs of this growing veteran population.

In addition to public-sector partnerships, several JFMP private-sector and nonprofit partners have renewed their commitment (Alliant Credit Union, Citi, Booz Allen Hamilton, CVS, Cengage, and others.) and been joined by newer partners (Direct Employers, JPMorgan Chase, Northrup Grumman, MTCI, NBC Universal, Newman's Own Foundation, and more.) Partners augment the resource rich internet platform with career tools, job banks and much more, all of which is available free of charge to JFMP participants. Thanks to the generous support of BPW Foundation and its partners, there is no cost to participate. Members benefit from free financial, career transition and entrepreneurial/small business tools, products and services tailored to meet our unique needs. In addition, many JFMP partners' networks of women employees act as mentors also providing inside information on specific industries. Focusing on and leveraging the strengths of these partners benefits everyone, but most importantly, the women JFMP serves.

BPW Foundation has also targeted its efforts to help JFMP participants establish careers in "non-traditional" (but urgently needed) STEM and IT fields. In 2013 they partnered with the National Council for Women and Technology (NCWIT) to assist JFMP participants with IT career opportunities and resources. In 2014, a partnership with Million Women Mentors will also open up STEM career opportunities.

Support for Women Veteran Small Business Owners

BPW Foundation has always been a champion of women small business owners and many of its members are women business owners. Therefore it was natural for BPW Foundation to expand their 2013 CGI America commitment to include building resources for women veteran entrepreneurs and women veteran small business owners. They wanted to step up to help women who have served our country, like me, to start and grow our own businesses. In May 2013, BPW Foundation conducted a survey of women small business owners, to gauge the current environment and outline recommendations for improving it. Partnerships with Dell/Intel and the National Association for the Self-Employed were key to this effort.

Conclusion

Thank you, Mr. Chair, for the opportunity to testify and share my story about the resources that helped me launch my successful career and start my small business. I hope that other women veterans will benefit from my experience, and that the committee will

support programs like the BPW Foundation's Joining Forces Mentoring Plus that are tailored for the challenges and needs that our women veterans face as we seek meaningful lives after our time in the military.

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About BPW Foundation: BPW Foundation is a 501 (c)(3) located in Washington, DC and has the mission of empowering women to reach their full potential. It receives no government funding, and is backed by numerous corporations such as Citi, Booz Allen Hamilton, Alliant Credit Union Foundation, CVS Caremark, Cengage, JPMorgan Chase and Northrop Grumman. Visit www.joiningforcesmentoringplus.org or www.bpwfoundation.org to learn more.



**STATEMENT OF
DAVY LEGHORN, ASSISTANT DIRECTOR,
VETERANS EMPLOYMENT & EDUCATION COMMISSION
THE AMERICAN LEGION**

BEFORE THE

**COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

**MILITARY TO ENTREPRENEURSHIP:
PRIVATE SECTOR INITIATIVES TO HELP VETERANS PURSUE BUSINESS
OPPORTUNITIES**

MAY 7, 2014

“Our Nations security and prosperity are inseparable.”
“As the challenges we face require a Joint Force that is flexible, agile and adaptive, it emphasizes people as much as platforms. It recognizes that the unique character of our Service members, working hand-in-hand with other government agencies and in support of public-private partnerships is a formidable advantage. We must continue to care for Service members and their families, and set conditions for their continued success – in and out of uniform”

--- The National Military Strategy of the United States of America, February 8, 2011. M.G. Mullen, Chairman, Joint Chiefs of Staff

Chairman Graves, Ranking Member Velazquez, and distinguished Members of the Committee;

According to a Kauffman Institute report, between 1996 and up to three years ago, U.S. veterans started companies at higher rates than their non-veteran peers, and accounted for 12.3 percent of all entrepreneurs in the United States. By 2011 that percentage was slashed by more than 50 percent and is now an alarming six percent. The American Legion asks the members of this committee, our Congress, and our government to make the hard choices necessary to support, defend and enable our nation of veterans and their families, who today according to the U.S. Census Bureau currently represent more than 10 percent of the U.S. population.

On behalf of Commander Dellinger and the two and a half million members of The American Legion, we thank you for the opportunity to discuss The American Legion's views regarding private sector initiatives for veterans seeking entrepreneurship. We appreciate the efforts of this Committee to address the entrepreneurial needs of the men and women who are currently serving, and those who have served during past conflicts.

In 1953 the Small Business Act was signed into law which created the Small Business Administration (SBA) we know today. The act was created to encourage and promote small business growth, and free competition. In 1945 and 1946 millions of Americans took off their uniforms after WWII and came home to a job market that was shrinking, because the war no longer provided economic stimuli. True to their very nature, American patriots turned to entrepreneurship.

Still, large firms which grew powerful as a result of war production had a tremendous advantage over smaller and start-up companies, so Congress created the SBA to help level the playing field.

In 1999, Congress found:

- (1) Veterans of the United States Armed Forces have been and continue to be vital to the small business enterprises of the United States.
- (2) In serving the United States, veterans often faced great risks to preserve the American dream of freedom and prosperity.

- (3) The United States has done too little to assist veterans, particularly service-disabled veterans, in playing a greater role in the economy of the United States by forming and expanding small business enterprises.
- (4) Medical advances and new medical technologies have made it possible for service-disabled veterans to play a much more active role in the formation and expansion of small business enterprises in the United States.
- (5) The United States must provide additional assistance and support to veterans to better equip them to form and expand small business enterprises, thereby enabling them to realize the American dream that they fought to protect.

This is an excerpt from Section 101, 15 USC 657b – better known within the veteran small business community as Public Law 106-50.

That preamble could just as easily have been written today, and we are here today to discuss programs that will begin to address the disparities veteran business owners face, that civilian businesses simply do not.

As a result of P.L. 106-50, the SBA opened the Office of Veterans Business Development, and over the course of almost 15 years, has only been able to grow to 14 Veteran Business Development outreach centers, while other SBA outreach offices have experienced double and triple that growth. These centers are the primary client generator for the veterans' business outreach office, yet they are but an obscure link in the middle of a webpage that has more than 50 such links that offer a variety of services, ranging from Native American Business support to a VA Facility Locator.

In 2007, SBA Administrator Steve Preston introduced a lending program called The Patriot Express, but over the years, the strength of that program has been so diluted that is really isn't any more advantageous than other lending programs in the SBA portfolio and has since been discontinued.

Our veterans deserve better.

While small business collectively represent 97 percent of all employers and are responsible for the majority of all corporate tax deposits, they are a community of individuals. Big businesses have an unequal ability to immediately influence opinion whether legislatively, through public advertising, or private investment in the political process.

To give you an idea of just how unbalanced this divide really is, when we talk about "small businesses" we think about micro enterprises, companies ranging from one employee up to about 100. The average citizen categorizes a small business as the local landscaper, barber, or hardware store. But what many American's AND small business owners don't realize is that the U.S. Small Business Administration (SBA) generally considers a business "small" if they have less than 500 employees, and for some industries the employee count can be as high as 1,500.

According to the Small Business League, a watchdog group that monitors federal spending, Boeing, Microsoft, Blackwater Security, Home Depot, Raytheon, Lockheed Martin, Hewlett-Packard, Rolls Royce, Exxon Mobile, AT&T, and over 100 other large businesses have won contracts specifically designated for small businesses.

Where does the voice of microenterprise or start-up venture fit in? More often than not, it doesn't .

Training, advocacy, access to capital, and someone to protect their interests are the tools these businesses need to survive, prosper and succeed. Accordingly, the SBA was created and empowered by Congress to ensure government sector support. Unfortunately, our government tends to be more reactive than proactive, and programs that support Economic Development are often left to deteriorate, as is the case of the SBA. With an annual budget of about \$700 million, the SBA survives on about the same amount of money the Administration spent promoting Obamacare last year.

Veterans face a unique set of challenges when starting or growing small businesses and micro enterprises, such as:

1. Lack of accumulation of assets. Due to the multiple transfers and relocations that occur during a military enlistment, many veterans leave the military as renters, never really having had the opportunity to purchase a home. Since most new ventures are financed based on personal credit backed by assets (asset backed loans), veterans face a major disadvantage trying to start new businesses.
2. Military members commonly live in military communities. Their interaction with the civilian economy is reduced to consumer spending. They do not have the opportunity to network or accumulate industry specific skills, knowledge or experience that might be leveraged when starting a new business.
3. Guard and Reserve members are often subject to extended and multiple deployments, which can render a business of nearly any size bankrupt or damaged.
4. Military members are trained with a "can't fail, won't fail" attitude, and often have a false sense of security regarding the level of assistance available as they depart the active military support system. As a military member, there is almost always a safety net; whether it is our chain of command, our fellow comrades, or an existing program designed to foster well being or success of service member and family. While considering post-military options, veterans are told that there are entrepreneurial programs and business financial assistance to aid them once they leave the military. We mistakenly believe that these programs are of the same caliber and intensity as the military support programs we are used to. Thus, many newly separated veterans stand at

the edge of a cliff with a false sense of security, believing that the federal government has established programs to shepherd them with safe passage as they take that first civilian step. Unfortunately, many end up jumping off only to find out too late that there is no safety net to catch or support them.

Small business assistance requires the kind of expertise that can only be gained through experience. Formal business education teaches fundamentals, but experience teaches reality. Veterans need entrepreneurship counselors who understand their culture and experience, and Veteran Business Outreach Centers that are staffed by veteran entrepreneurs fulfill that requirement.

• Transitioning service members who are interested in starting small businesses cannot afford to hire start-up consultant services that often charge several thousand dollars for an initial consultation, which is why they seek out services that are sponsored by the federal government. If it weren't for small business programs that relied on federal funds, there would be no reliable help available to these veterans.

Small business outreach programs offered through prime federal contractors only work with established businesses, and rely on proceeds from federal contracts in order to support their programs. Entrepreneurship assistance programs funded through philanthropic support never last more than a couple of years before they shutter. The only reliable entrepreneurship programs available for veterans are the training and assistance programs offered through the SBA Office of Veteran Business Development. Any discussion that seeks to reduce funding or inhibit the operations of this office would be met with immediate opposition from The American Legion¹.

Assistance to veterans who have honorably served our country is an earned benefit that dates back to the Servicemen's Readjustment Act of 1944. Historically, this support has always included strong bipartisan support regarding assistance creating and operating veterans-owned small businesses.

The American Legion is disappointed in the recommendations of the House Committee on Small Business that proposes federal budget cuts that would eliminate our Veteran Business Outreach Centers in their most recent publication of "Views and Estimates". These programs represent an investment in our economy which provides a return on investment far greater than any other program the government produces – through deposits directly into the US Treasury tax account. These tax receipts include revenue stimulation from employee income tax, sales tax, business tax, and import tax.

Veteran Business Outreach Centers fill a critical void that provides unique mentorship and veteran specific assistance to aspiring veteran business owners that cannot be duplicated through any other existing program within SBA or VA.

¹ Resolution No. 320: Support Efforts of the Small Business Administration's (SBA) Office of Veterans Business Development <http://archive.legion.org/bitstream/handle/123456789/2189/2012N320.pdf?sequence=1>

According to the most current federal data available, veterans of the U.S. military owned 2.4 million of the nonfarm businesses operating within the fifty states and District of Columbia. According to the Survey of Business Owners, Veteran-Owned Firms 2007 conducted by the U.S. Census Bureau, veteran-owned firms accounted for 9 percent of all nonfarm businesses in the United States, employed 5.8 million persons (4.9 percent of total U.S. employment) and generated \$1.2 trillion in receipts (4.1 percent of total U.S. receipts).² These veteran-owned firms employed 5.8 million individuals, had a total payroll of \$210.0 billion, and generated \$1.1 trillion in receipts.³

In closing, The American Legion looks forward to working with this Committee to build and expand the Veterans Business Outreach Center program. Programs such as Boots 2 Business need to be expanded and available to every transitioning veteran who is considering entrepreneurship. Ideally, Veteran Business Outreach Centers would deliver these programs, but unfortunately, after 15 years of program growth, the network is still too small and underfunded to sufficiently support that task.

For additional information regarding this testimony, please contact Mr. Louis Celli at The American Legion's Legislative Division, (202) 861-2700 or lcelli@legion.org.

² *Survey of Business Owners – Veteran-Owned Firms: 2007*. U.S. Census Bureau. <http://www.census.gov/econ/sbo/getsof.html#07veteran>

³ *Ibid*

DAVY LEGHORN

Davy Leghorn was appointed to the position of Assistant Director of the Economic Division of The American Legion in January 2012. Mr. Leghorn oversees the employment and small business portfolios and administers The American Legion's National Veteran Hiring Initiative.

Previously, he worked as a National Appeals Representative for The American Legion at the Board of Veterans' Appeals. He provided legal representation for veterans, their spouses and dependents in appellate hearings before the Veterans' Law Judges at the Board.

Mr. Leghorn served as a Mortar Infantryman in the Army with the 2/72 Armored Battalion, 4/7 Cavalry and 3/15 Infantry, then as a Civil Affairs Specialist with 450th Civil Affairs Battalion.

He currently serves as Second Vice-Commander for George Washington Post #1 in The American Legion Department of the District of Columbia.



Statement
of
Gozump
Incorporated

ON: *“Military to Entrepreneurship: Private Sector Initiatives to Help Veterans Pursue Business Opportunities.”*

TO: House Committee on Small Business

BY: Charleston Malkemus, Founder and CEO, Gozump Inc.
Testifying on behalf of the U.S. Chamber of Commerce
Foundation

DATE: May 7, 2014

Gozump champions home buying for military families across America in order for them to achieve financial freedom. We accomplish this through technology, training, and advocacy.



U.S. CHAMBER OF COMMERCE FOUNDATION

The U.S. Chamber of Commerce Foundation (USCCF) is a 501(c)(3) nonprofit affiliate of the U.S. Chamber of Commerce dedicated to strengthening America's long-term competitiveness by addressing developments that affect our nation, our economy, and the global business environment. USCCF presents a broad range of programs that promote a greater understanding of economic and public affairs issues.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is dedicated to promoting, protecting, and defending America's free enterprise system.

More than 96% of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides opportunities, not threats. In addition to the American Chambers of Commerce abroad, an increasing number of our members engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

**BEFORE THE COMMITTEE ON SMALL BUSINESS OF THE
U.S. HOUSE OF REPRESENTATIVES**

**“Military to Entrepreneurship: Private Sector Initiatives to
Help Veterans Pursue Business Opportunities.”**

Testimony of Charleston Malkemus

Founder and CEO, Gozump, Inc.

Good morning, Chairman Graves, Ranking Member Velázquez, and distinguished members of the Committee. My name is Charleston Malkemus and I am the founder and chief executive of Gozump, Inc. Thank you for providing us with an opportunity to share our understanding of the importance of aiding a service member’s transition to entrepreneurship.

The “next” greatest generation of America is coming home. Over the next 5 years America will have more than a million service members coming home, who have been fighting this nation’s battles for over a decade. They have endured every hardship known to man. They have been diplomats and community leaders, restoring people’s homes and freedoms, problem solvers of unparalleled complexity, and, leaders of some the nation’s best and brightest. All of them volunteered to serve and potentially sacrifice for the greatness of this country. They represent less than half a percent of America and are this country’s greatest resource.

We have an opportunity to capitalize on the surge of veteran talent coming home in order to move America forward. Whether through America’s small businesses or leading new ventures, veterans have a wealth of capabilities that are ideally suited to solving this nation’s problems. While they will be confronted with many challenges reintegrating into civilian life, none will be greater than finding a way to continue to serve. Communities and businesses will benefit the most from directly engaging veterans with their problems and providing them with the resources and equipment to overcome them.

Private sector initiatives have to be prepared for transitioning veterans. Hiring Our Heroes, a program of the U.S. Chamber of Commerce Foundation, is an excellent example of the efforts necessary. Working with their vast network of chambers and strategic partners, Hiring Our Heroes has been creating a movement across America. They are rallying communities to find veterans and their spouses meaningful employment while supporting the work of veteran-friendly businesses, like Gozump, who have made ongoing commitments to veterans in their community.

Background on Gozump

Gozump’s story began way back on the battlefields of Iraq. During my second deployment I was leading a Scout Sniper Platoon through OPERATION STEEL CURTAIN when I received an email

about the real estate market back home. In late 2005 the market was already showing signs of weakening and I needed to sell my townhome in San Clemente, California. I remembered the process of moving across the country when I was transferred to Camp Pendleton California and how difficult it was to find, finance, insure, and move into a new home. Now I was being confronted with the challenges of selling my home. I needed an application capable of connecting me remotely and giving me control over the process. Unfortunately one did not exist. I realized very quickly these were not isolated issues, but problems that were about to rock the nation.

When the real estate market came crashing down in 2008, I recognized the same friction points where sweeping across the country. Americans needed a simpler and more affordable way to understand and manage the process of buying and selling a home. Fully aware of the magnitude of this problem I began a very deliberate endeavor to solve it. After years of research, planning, and recruiting, Gozump launched in June of 2012 with a team of Marines on a mission to combat one of the most frustrating and inefficient processes in the Internet age, buying a home.

Buying a home requires the concerted collaboration of multiple parties. One transaction often encompasses three major industries, a dozen specialists, and thousands of dollars. Each party comes with its own regulations, licensing, conduct and costs. In other words there is a reason this is complicated.

Gozump's mission is to champion home buying for military families across America in order for them to achieve financial freedom. We accomplish this through technology, training, and advocacy. When we began building one of the most comprehensive technology platforms for home owners and buyers, we understood the inherent complexities of real estate could not be reduced beyond a certain point. We immediately began developing a curriculum around real estate to pair with our technology. While this will give consumers the tools and knowledge they sorely lack to make better decisions much of the inefficiencies we would change are in the hands of regulators. At every opportunity we continue to advocate for a more optimal administration of real estate transactions particularly on behalf of military families.

Active duty Service Members are often required to relocate every three years. The sheer velocity of movements around the country make this a particularly distressing problem in terms of cost, friction, and stress for the military household. We are one hundred percent committed to the elimination of this problem for the US Military. When we began reaching out to community organizations to tackle this and other issues facing military families, we had the honor of working and partnering with some incredible organizations: the American Red Cross, the United Way, and the U.S. Chamber of Commerce Foundation to name a few. Many of which have come out in force to support the military community and the variety of issues facing them.

U.S. Chamber of Commerce Foundation

My initial interaction with the U.S. Chamber of Commerce Foundation and their Hiring our Heroes program goes back to when I was the unit commander of a 156 Marine reserve detachment. Most of the Marines under my charge were struggling to find employment. Some were sleeping in their cars, because they couldn't make ends meet. Others were trying to go to school to have a better future. All of them were hard working Americans with too much pride to seek out relief. I had a lot of active duty Marines, who joined the reserve unit to ease the transition, and saw first hand how difficult it was for them.

I sat on Joint Task Forces for veterans, participated in regional board discussions, and attended enough business breakfasts to make this assessment. The campaign to support posttraumatic stress disorder (PTSD) appears to have had a negative impact. While sympathetic, many American business owners feel completely alienated from their military and PTSD has only increased this feeling. Most business leaders, who struggle with hiring veterans, cite the liability of PTSD as the number one concern. Others question their capabilities, business skills, or how best to manage them. Despite these potential concerns, veterans in business remain unaffected and consistently lead the charge for recruiting and hiring other veterans. While veteran led businesses continue to be a cornerstone for veteran employment, the Hiring Our Heroes program has greatly reduced the separation between America's military and businesses.

The US Chamber of Commerce Foundation with its vast network of state and local chambers as well as their extensive list of strategic partners has convinced a lot of mainstream companies to hire veterans through their Hiring Our Heroes program. Having sent many of my Marines to their job fairs I've had ample feedback on their experiences. For those companies interested in tapping into the talent of America's fighting men and women it is one of the best places to be.

When we began Gozump we recognized that Hiring Our Heroes and their job fairs was an incredible resource for engaging the veteran community. We've used their job fairs for both awareness and recruiting campaigns with much success. In fact a Hiring Our Heroes job fair is where we shaped a lot of our opinions about transitioning service members.

Many of them were immediately drawn to Gozump purely because we were a team of Marines. They craved to be valued, respected, and understood for who they were and what they had accomplished as Military men and women. They commented on our camaraderie and commitment to each other, which resonated with their military experiences. Most importantly they deeply desired to continue to serve. In choosing the military they had chosen a life of purpose and now they were confronted with the challenging task of finding one in corporate America. Our mission to change real estate forever captured the same idealistic fervor that led many of them to enlist.

This knowledge has fueled my active support for veterans in startups. As an American veteran I've enjoyed great satisfaction

working in the startup community and have found combat veterans to be ideal candidates for startups. With a high operational tempo, grand mission statements, and equity-based compensation a startup is the closest replacement for military life. Veterans are not only familiar with high stress, volatile, fast paced working conditions; many of them thrive in them. Most have already worked in small, driven, and focused teams like those found in startups across the country and perform better. They've been conditioned to work insane hours to accomplish incredible objectives. Startups and even small businesses simply give veterans an ability to be rewarded in proportion to their achievements either through compensation, promotion, or both; and, most smaller companies can do it better than larger ones.

With 1.5 million military members transitioning over the next five years small businesses have a tremendous opportunity to tap into this talent pool and propel their operations forward. Hiring Our Heroes job fairs already provide access to the veteran community. All small businesses have to do is effectively communicate their objectives and allow veterans to use their tactical abilities to engineer solutions and make things happen.

Hiring Our Heroes is leading the charge for transitioning veterans and their spouses into meaningful employment opportunities. Their active network of businesses, strong reputation with the military, and pervasive job fairs have done more than other organization to bring military and business communities together. Even with this much success they persist, finding ways to catalyze communities and advance their mission.

Last year Gozump had the great honor of being selected for a national competition, which highlighted the efforts of veteran-friendly small businesses. Small businesses are 96% of the Chamber's member companies. They recognized an opportunity to support those small businesses showing dedication and innovation in hiring our veterans. Through Hiring Our Heroes, the U.S. Chamber of Commerce Foundation teamed up with Spike TV's Hire A Vet campaign to host the first national competition to find the most veteran-friendly small business in America.

After receiving strong applications from across the country, Gozump was selected as one of the eight finalists and continued to advance to the Final Four. As part of the competition we were judged on our innovative recruiting and retention strategies for veterans, our leadership and engagement in the veteran community, and our ongoing commitments. This allowed us to form relationships with our fellow contestants and learn a lot from their initiatives. The competition was a great platform for rallying local communities around their contestants and encouraging other small businesses to join this movement. We received active support from Members of Congress, local commissioners, mayors, and business leaders, which really helped to highlight the vital role veterans and veteran-owned businesses play in our local economy.

In an effort to build on this momentum and carry on the spirit of the Chamber Foundation's initiative, Gozump led an 81-mile march. Over Labor Day weekend we marched from Palm Beach to

Miami Florida carrying a flag from the battle of Fallujah. We picked up supporters in every town en route to the Mayor of Miami's office where we presented him with the flag as a symbol of American heroism. We urged community members to turn to the next greatest generation of Americans coming home. After over a decade of war and sacrifice their perseverance would be crucial to moving America forward.

Moving America Forward

Startups across America are continuing to find ways to advance processes and industries through technology. Their access to data is not only a vital component of their success, but often a primary factor in preventing it. If we are to fully realize the benefits of American innovation, government efforts at all levels to modernize and make available public information are necessary.

Entrepreneurs and small businesses remain the beating heart of the American economy. When I was first introduced to the Small Business Administration (SBA), about 15 years ago, their resources and networks were the dominant ones available to entrepreneurs. Over the years I've engaged, or made us of, a variety of their programs, including, Veteran Business Outreach Centers, Small Business Investment Companies, and the Service Corps of Retired Executives. Since then, the landscape for entrepreneurs has changed dramatically. Cities across America are developing startup incubators, accelerators, Meetup groups, and networks of advisors and investors. The access to capital is shifting away from traditional lending in favor of equity. A plethora of bloggers, events, and conferences have given entrepreneurs access to an endless supply of resources and advice. The process of launching a business has been completely disrupted and accelerated.

Today the private sector has a strong bias for lean startups that find creative ways to bring minimally viable products to market. This type of methodology has caused a fundamental shift in the way entrepreneurs start businesses. A business canvas model is replacing the traditional business plan. Product research and development happen concurrently with market feedback. And traction in many cases is prioritized before revenue. Entrepreneurs skilled in executing these methods reduce their risks, costs, and time to launch.

Many veterans with their financial resources, independent spirit, risk tolerance, commitment to serve, and management capabilities will naturally choose entrepreneurship. Studies have shown they are forty-five percent (45%) more likely to start a business, twice as likely to succeed, and favored by consumers seventy percent (70%) of the time. Those coming home, who do choose entrepreneurship, are going to need both direction and resources to be successful. Unfortunately a national veteran program for entrepreneurship on par with the Chamber Foundation's initiative for employment does not exist. Even within the private sector we've noticed a shortfall in programs focused on veterans transitioning into entrepreneurship, and resources on startups available to veterans. As a result, our team has decided to initiate a veteran focused pro-

gram in South Florida and we encourage other communities and established programs to do the same.

Veterans are best positioned to solve problems, whether as valuable team members in America's small businesses, or leading new ventures. This absolute commitment to service is what we love about America's military, and happens to be the most powerful ingredient to a successful transition. With or without direction they will find problems to be solved. We are already beginning to see the formation of non-profits, enterprises, and initiatives all across the country helmed by veteran leaders. The communities and businesses that effectively orient our veterans will benefit dramatically from their efforts. They only need to direct them toward problems at home and provide them with the limited resources and equipment to overcome them.

Conclusion

Paving the way for America's future begins with the next greatest generation. The U.S. Chamber of Commerce Foundation and the private sector are both poised to play pivotal roles in the country's ability to capitalize on the surge of talented veterans coming home. Programs like Hiring Our Heroes, which can orchestrate action at the local, state, and national level, are vital to veterans finding employment where they can create value for our small businesses. Programs that can prepare and equip veterans for entrepreneurship will equally benefit the future of America's economic competitiveness.

GoZump is one small example of the impact these programs can have and how beneficial they can be in supporting America's current and future small businesses. As a team we've been active participants in both the veteran and startup communities of South Florida. Collectively we have volunteered hundreds of hours in support of regional initiatives to advance both of these causes and will continue to do so on behalf of moving America forward.

Chairman Graves, Ranking Member Velázquez, and members of the Committee, I thank you again for the opportunity to testify and look forward to answering your questions.



April 30, 2014

Chairman Sam Graves
Committee on Small Business
United States House of Representatives
2361 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Graves:

Thanks to you and your Committee Members and Staff for considering a critical, national issue.

Our Veterans coming home from Iraq and Afghanistan face high unemployment. They are highly trained, experienced leaders, and their skill sets make them great small business owners, but they lack capital.

My son, a Navy counter IED officer for an Army combat unit during the Iraq Surge, his good friend, CPT Marc Esposito, an Army MEDEVAC pilot with over 400 missions in Afghanistan, and I, a Navy JAGC Officer from the Vietnam era, have formed Honor Capital to match Veterans with Investors.

Honor Capital is teaming with Save a lot Food Stores, St. Louis, Missouri, to create Veteran owned and operated businesses that will create jobs and bring quality food to underserved communities. Honor Capital's goals are to create 1,500 new jobs with a Veteran hiring preference and enable 50 Veterans to become small business owners by 2018.

Our team is preparing to open our first Veteran owned store in early 2015. Save a lot has been an indispensable partner in our effort. More companies, lenders and investors need to help with this national challenge and not just provide lip service. We, for example, are still seeking a national bank to help us reach our goals.

Anything you and your Committee can do to assist Veteran small business owners will help the American economy. Again, thank you.

Very respectfully,

A handwritten signature in cursive script that reads "Jim Allen".

James S. Allen, Jr., President

