

Military Veteran-Owned Small Business Certification

Most *units of government* (i.e. federal, state, county, city, etc.) as well as entities and projects funded by government agencies maintain some form of *procurement goals*. Procurement goals represent mandates placed on most government contracts requiring that a certain portion of a given contract value be spent with disadvantaged businesses or other special interest groups. While these groups have historically been minority and women-owned businesses, as of the last 10 years more units of government are adding veterans to that list. If you are an honorably discharged veteran and you own a business that sells goods or services which the government may be interested in buying, this article is for you.



What Is Certification?

While the name of the certification program may change from state to state and region to region, (e.g. Veteran-Owned Small Business [VOSB], Service-Disabled Veteran-Owned Small Business [SDVOSB], Veteran-Owned Business [VOB], Veteran Business Enterprise [VBE], etc.) the purpose remains the same. Certification refers to the verified status of a veteran-owned business which has demonstrated three specific criteria:

Criteria No. 1: The business is 51% or more owned by one or more honorably discharged veterans.

The legal ownership of the business must reside in majority with one or more veterans. The money to start the enterprise cannot be borrowed from any non-veteran (bank loans are fine) and there can be no side agreements in place regarding legal ownership of the entity.

Criteria No. 2: The business is 51% or more controlled by one or more honorably discharged veterans.

The business must be controlled in all aspects by the representative veteran(s). This includes all matters and decisions pertaining to the business such as legal, financial, brand and marketing, etc.

Criteria No. 3: The business is 51% or more managed by one or more honorably discharged veterans.

The representative veteran(s) must be actively involved in the day-to-day management of the business. This means that management decisions such as hiring and firing, quoting, signing contracts, financial transactions, entering into leases, etc. must be managed by the veteran(s).

Why Get Certified?

As noted at the outset of this article, various units of government have imposed veteran buying goals on contracts which mandate that a certain portion of the contract value (commonly 2% to 5%) must be spent with one or more veteran-owned businesses. It should be noted that the nature of the *spend* must be on a “Commercially Useful Function” (CUF), which means that the work to be performed must somehow relate directly to the scope of the primary contract and the work is within the veteran’s core competencies. As a result of these veteran’s buying goals, every contractor who wishes to bid on such an opportunity must provide a *veteran utilization plan* which identifies one or more veteran partners. This creates significant opportunity for a veteran-owned businesses, especially smaller firms which may not have the capacity to tackle a \$10M contract on their own; however a 3% goal (or \$300,000) might be a perfect size.



How Do I Get Certified?

Each unit of government may maintain their own certification standards and processes, but they all work very similar. Some smaller units of government may not have their own process and may accept another organization's certification (referred to as "reciprocity"). For example, small suburbs surrounding the City of Chicago may not have their own certification, however those entities may accept the City of Chicago or State of Illinois certification. The question commonly arises, "which unit of government should my veteran-owned business be certified with?" The answer truly depends on which organization(s) your business believes it will be able to successfully sell its products/services. For example, if your firm desires to sell goods to the federal government, you must have a federal certification through the Veterans' Administration Center for Verification and Evaluation (CVE); alternatively, if your business plans to only sell goods to a local municipality, you should investigate which certification they require. There is no limit to the number of entities you may be certified with, provided that your business meets all criteria (for example, some units of government mandate that the veteran(s) must reside within the state where certification is sought).

Once you have identified the respective certifying bodies for your firm, simply contact them and ask for a list of the required documentation for certification. While this ordinarily includes a considerable amount of documentation, there is nothing overly complex about the process. The requested information will ordinarily include things such as, a valid DD-214, evidence of citizenship, legal formation documents, meeting minutes, an ownership disclosure, tax returns, etc. Once all documents and the application have been submitted, the certifying body will assign a case manager who will review your application and respond with any follow-up questions. It should be noted that certain firms may have difficulty adequately demonstrating the three criteria noted above, specifically franchises (because franchises do not allow true "control", some certifying bodies may disallow franchise owners from certifying).

Where Can I Get Help?

Fortunately almost every state provides no-cost assistance to veteran-owned businesses via Technical Assistance Centers (TACs). Technical assistance centers provide a wide range of business services, including certification assistance, business counseling, and procurement technical assistance (PTACs). A simple internet search should identify the respective agencies for your locale.

About MBC

Midwest Business Consulting is a veteran-owned business specializing in helping clients achieve exceptional results through optimized operations and continuous improvement initiatives. To learn more about veteran certification programs, or improving your organization's operations and profitability call MBC at 708-571-3401 or visit us at www.getMBC.com.

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