

**STATEMENT OF
SCOTT DAVIDSON, Owner of GCO Consulting, Retired Army Captain
BEFORE THE
SMALL BUSINESS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
ON**

JULY 10, 2019

Chairwoman Velázquez, Ranking Member Chabot, and distinguished members of the committee, on behalf of GCO Consulting, a Service-Disabled Veteran Owned Small Business (SDVOSB), and my fellow military service members, I thank you for inviting me here to testify today. It is an honor and privilege to present my position on the matters of 1) Boots to Business reauthorization, and 2) Small Business Administration's (SBA) assumption of the functions of the Department of Veterans' Affairs (VA) Center for Verification and Evaluation (CVE) office.

I had the honor and privilege of serving the country in the United States Army as an Enlisted Soldier, Non-Commissioned Officer and Commissioned Officer in both peace and wartimes. I was not afforded the opportunity during my separation due to medical retirement from the military to participate in the Transition Assistance Program (TAP) and the Boots to Business (B2B) program.

Starting a business was not on my mind as my military career abruptly ended due to injuries sustained during combat-tours in Iraq. I had no time to plan my exit and prepare for transition back into the civilian world, because a Medical Evaluation Board was convened to decide my future. I was abruptly notified of the results of the proceedings while recovering at Eisenhower Medical Center. My career in the armed services officially ended. I was medically retired. In six weeks, I was back at my house. I never attended any military transition assistance programs in that short period of time before I was released from the hospital care.

Earlier in the war, the nation was not ready for the influx of wounded and injured servicemembers that would return stateside from combat zones requiring stabilization, treatment and transition. The garrison of wounded and injured Soldiers I was assigned to was newly established and nothing was standard as we were the first of many Warrior Transition Units. Ironically, while I was not required to attend any transition assistance, I was required to turn in all of my equipment to the Central Issue Facility (CIF), despite the fact that all uniforms and equipment was still overseas when I was MEDEVACED (Medically Evacuated) from Iraq to Landstuhl Regional Medical Center (LRMC), Germany in February 2007 and then to Fort Gordon at Eisenhower Medical Center a month later.

At the time, Walter Reed was not receiving new patients as a result of journalists exposing substandard conditions at the hospital, which resulted in all wounded and injured soldiers from

the theater to be sent to different hospitals across the country for recovery. Leaving the Eisenhower Medical Center, I didn't have a job, I was not provided with employment counseling, and I blindly started searching for employment when I realized the gravity of my situation. It is important for me to note that throughout these missteps, it never changed my steadfast affinity for the United States Army and the pride and privilege I feel because I was given an opportunity to serve.

As I fumbled with employment, I eventually corrected my path and started my company in late 2008. As military transition programs and services got better, I was eventually able to attend some classes that were available to veterans. While GCO Consulting Group is more than a decade old, the company continues to grow because of programs like B2B and the Entrepreneurship Bootcamp for Veterans (EBV) at Syracuse University. The road to entrepreneurship has shaped a unique transition experience for me, from military service to becoming a Veteran Entrepreneur. I am proud that I can share my experience and insight as they directly relate to matters discussed today regarding veteran business ownership.

Veterans Entrepreneurship Training Act of 2019 Re. Codifying Boots to Business

As stated earlier, I did not have the opportunity to attend Transition Assistance Program (TAP) courses during my separation in 2007 as the VOW Act of 2011 was not yet in place and I, like many of my fellow injured and wounded servicemembers during this unique period, had to navigate the challenges of transition independently. The VOW Act of 2011 was an incredible piece of legislation that set the wheels in motion for improving the quality of the TAP courses. Further, by making attendance mandatory, it removed the stigma of seeking transition assistance. One of the courses implemented with these sweeping changes was the entrepreneurship transition assistance course, which would later become known as the SBA's Boots to Business program.

I was fortunate enough to be able to observe a B2B program in New York and participate in a Boots to Business Reboot (B2BR) thanks to veteran advocates like Amy Amoroso and Rob Piehota who were teaching B2B classes through the Veteran Business Outreach Centers (VBOC) and Small Business Development Centers (SBDC). I became interested in the program after hearing about it while I was guest-teaching part of the curriculum for the Entrepreneurship Bootcamp for Veterans program at Syracuse University. The veterans who attended the EBV program told me great things about B2B and how it led them into the world of Veteran Entrepreneurship. Despite the fact that it had been years since I've launched my business, I still wanted to attend to learn more about this new program. I realized when I attended the B2BR just how significant this program was to transitioning servicemembers and veterans.

The reason B2B is an effective part of military transition is because the curriculum focuses on the important factors related to starting a business. It educates servicemembers on the broad spectrum of entrepreneurial business concepts and introduces them to SBA resources that are available, including start-up capital, technical assistance, contracting opportunities, and more. Most importantly, it provides a starting baseline of expectations for individuals who have been in

a structured environment for an extended period of time. In short, B2B provides real insight and opportunity for servicemembers to understand what it takes to start a business in the civilian world and how to make it successful.

The 2-day B2B program is now an integral part of the service member's transition out of the service. I didn't have the luxury of planning an exit from the military. This program would have assisted me in several areas I stumbled through early in the process of starting my business. Transitioning from the military is always going to be stressful, but any insight the armed services can provide to a transitioning servicemember, will alleviate those stressors. Most importantly, transition programs like B2B provides an important picture of requirements and allows the service member the ability to make an informed decision regarding his or her future.

It is my understanding that in the 2019 National Defense Authorization Act, that one portion of the B2B course has been made mandatory for transitioning servicemembers. This is a great change as it will expose service members to resources and knowledge that may encourage them to take the step in the direction of entrepreneurship and foster and channel the Warrior Ethos that had them succeed in the military to boost success in the boardroom.

B2B is an incredibly effective tool for the men and women transitioning out of the military into the civilian world. As such, the focus should be on adding more resources to the transition programs to the benefit of servicemembers, so they can in turn contribute to the economy. The Army builds soldiers, B2B redeploys these patriots so they can successfully establish and grow Veteran Businesses.

VA SBA Act (H.R. 1615) Re. Moving VA CVE functions to SBA

GCO has shepherded many clients over the years through the convoluted CVE process which is administrated through the Department of Veterans Affairs (VA). My team and I have seen all the iterations of the certification process since 2008; from the days of just filling out a VA Form 0877 to the current Vendor Information Pages (VIP) and VEMS system. From my direct experience in working CVE certifications over the past 11 years, I have seen a broken process actually become more difficult to navigate because of unnecessary hurdles and additional requirements, which were compounded by IT systems issues (specifically VEMS) and a customer service center that is not very knowledgeable, well trained or equipped to support the very requirements they are charged with assisting veteran business owners with.

One of the most recurring themes that I have heard from veteran business owners over the years is that the process was so cumbersome they often gave up on the process and choose to work solely with the federal agencies that accepted the self-certification process in the System for Award Management (SAM). The mere fact that veteran business owners would give up business opportunities to work with the VA instead of going through the CVE process is a tell-tale sign of problems. Regardless of these issues and many documented cases of systemic failures within the VA related to the CVE process, the issue at the heart of the matter is clear. Why do veteran business owners have to undergo two different certification paths (SAM vs CVE) to do business

with the agency (VA) that was established to support them when all other agencies do not require it?

The answer is that we need a single source agency to be the certifying body for Veteran businesses. The SBA is already responsible for certifying all socio-economic classes of business including business that self-certify through SAM, which include VOSB's or SDVOSB's. It doesn't make sense that in order to do business with a single agency (the VA) that you would have to go through a separate stand-alone certification process in order to be considered for those procurement opportunities. This causes significant confusion, delay and has a gross impact on small businesses trying to grow. It also likely denies great Veteran sources of service and supply to the VA and the very veterans it is supposed to be serving.

The 2017 NDAA included §1832 and §1833 which mandated the federal government to adopt a streamlined definition for SDVOSB's along with appointing the Small Business Administration as the sole agency responsible for determining certification. The authors of the 2017 NDAA had the foresight and understanding to recognize that in order to address and rectify these issues that were plaguing veteran business owners you would need to centralize all activities under the one body that is and should be responsible for size determination of business which is the SBA. This was further echoed by the House Small Business Committee's work to reconcile the language in 38 CFR §74 and 13 CFR §125 to protect the integrity of the SDVOSB program itself. Regardless of these changes, however, the issue remains—the VA still imposes its certification process.

I completely understand and agree with the need to ensure that any and all socioeconomic businesses should require a certification process and not just a check a box. Yet, the rollout of VA's VEMS system was an abject failure and was and still is plagued with multiple issues, such as a failure of having information transferred from the previous CRMS system to the updated VEMS system as well process failures and repeated request for documents that would simply disappear after uploading into VEMS.

The issues with the VA are systemic and problematic for Veteran business owners. I have had veteran business owners lose business because of the issues from VEMS. I have documented cases of the help desk instructing veteran business to take certain actions and then immediately reject their application when they took the very actions they were instructed to take. When challenging the VA on these rejections, we either would not be able to obtain a conclusive answer or in some cases we were told to just resubmit so our evaluation clock time resets. The consistent system bugs and glitches still plague vendors today and I have yet to encounter a single instance of what I would consider adequate customer service or support.

With that said, we should turn our attention to existing resources that can solve this issue. The SBA possesses a certification system that mirrors other programs the SBA is already administering successfully like the 8(a) Business Development (BD) program. The SBA has a certification portal that is available through certify.sba.gov. It would only make logical sense to adopt the SBA's existing system and adapt it to the certification process for veteran businesses instead of risking significant amounts of taxpayer dollars on trying to fix a broken system or attempting to build one from scratch. The simple and straightforward path to success here for

veteran business owners is to have the VA transfer all determination and certification responsibilities to the SBA and use the existing SBA certifying system.

CONCLUSION

Chairwoman Velázquez, Ranking Member Chabot, and distinguished members of the committee, I want to personally thank you for your time and attention and the opportunity to discuss these important issues, which are of great professional and personal interest to me. I hope my story and my views can assist this committee in charting a path for the improved success of the Boots to Business (B2B) program and the CVE certification process.