

Frequently Asked Questions

1. What is SBA's definition of a small business concern?

A small business is a concern that is organized for profit, with a place of business in the United States, and which operates primarily within the United States or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor. Further, the concern cannot be dominant in its primary field, on a national basis. Finally, the business concern's size can not exceed the size standard established for its industry in the North American Industrial Classification System (NAICS) code. The most common size standards are as follows:

- **Construction** – General building and heavy construction contractors have a size standard of \$35.5 million in average annual receipts. Special trade construction contractors have a size standard of \$14 million.
- **Manufacturing** – For approximately 75 percent of the manufacturing industries, the size standard is 500 employees. A small number have a 1,500 employee size standard and the balance have a size standard of either 750 or 1,000 employees.
- **Mining** – All mining industries, except mining services, have a size standard of 500 employees.
- **Retail Trade** – Most retail trade industries have a size standard of \$7 million in average annual receipts. A few, such as grocery stores, department stores, motor vehicle dealers and electrical appliance dealers, have higher size standards. None are above \$35.5 million.
- **Services** – For the service industries, the most common size standard is \$7 million in average annual receipts. Computer programming, data processing and systems design have a size standard of \$25 million. Engineering and architectural services have different size standards, as do a few other service industries. The highest annual receipts size standard in any service industry is \$35.5 million. Research and development and environmental remediation services are the only service industries with size standards stated in number of employees.
- **Wholesale Trade** – When acting as a dealer on Federal contracts the small business size standard is 100 employees. In addition, on procurement set-aside for small business over \$25,000, the firm must deliver the product of a small domestic manufacturer, as set forth in SBA's non-manufacturer rule, unless waived by the SBA for a particular class of product. However, for those procurements made under the Simplified Acquisition Procedures of the FAR and where the purchase does not exceed \$25,000, the non-manufacturer may deliver the goods of any domestic manufacturer.
- **Other Industries** – Other industry divisions include: Agriculture; transportation, communications, electric, gas, and sanitary services; and finance, insurance and real estate. Because of wide variation in the structure of the industries in these divisions, there is no common pattern of size standards. For specific size standards refer to the size regulations in 13 CFR § 121.201 or the table of small business size standards.

2. What is the definition of a veteran?

The term veteran as defined by the Department of Veterans Affairs in concurrence with U.S.C. Title 38 is a person who has served on active duty in the military, naval or air services; and who has been discharged or released under conditions other than dishonorable.

3. When does a Reservist become a veteran?

According to the *Center for Veterans Enterprise* of the Department of Veterans Affairs (VA) in concurrence with U.S.C. Title 38, a reservist attains veteran status when he or she has been called to active duty and serves in an active duty capacity for a 60 day timeframe, either consecutively or concurrently.

4. What programs do SBA have available for veterans?

There are three types of programs. First are counseling and training Programs, such as Veteran Business Outreach Centers (VBO Centers), SCORE, the Small Business Development Centers (SBDCs) and the Women Business Centers (WBCs), which help small business owners' gain skills needed to start, manage and grow an enterprise.

Second are capital access programs, which provide loan guaranties to, and through, banks, enabling the small business to get the financing needed to operate.

Third are contracting assistance programs, which provide help to the established small business, seeking to sell goods and services to governments at all levels. The contracting assistance is provided in cooperation with the Procurement Technical Assistance Center program of the Department of Defense.

5. Does SBA certify veteran owned businesses?

The Small Business Administration does not certify business owned by a veteran or service- disabled veteran as such in either case. The SBA has relied, and continues to rely upon documentation provided by the Department of Veterans Affairs (VA) in concurrence with U.S.C. Title 38 as proof of veteran status, this is itself self-certifying. SBA, therefore, does not require certification beyond the VA documentation for both veteran and service-disabled veteran-owned small business firms.

6. How do I become certified as a veteran-owned business owner?

The documentation, the DD-214, which the VA provides to service members who have been discharged or released from the armed forces under anything other than dishonorable conditions is the documentation that self-certifies you as a veteran or service-disabled veteran. This also is the documentation that self-certifies you as a veteran or service-disabled veteran business owner.

7. How do I become certified as a service-disabled veteran-owned business owner?

The same answer for **Question 5** above applies in this case as well. However, in addition to the DD-214, the service-disabled veteran must have an official copy of his or her adjudication or compensatory letter from the Department of Veterans Affairs. Hence to reiterate, the documentation that the VA provides, DD-214, Adjudication or compensatory

letter, to service members who have been discharged or released from the armed forces under anything other than dishonorable conditions is the documentation that self-certifies you as a veteran or service-disabled veteran.

8. Are there grants for starting businesses?

SBA is not aware of any grant funding opportunities for starting a small business. The Agency has never provided grant funds for business startups, expansions or diversifications. It does, however, through its various loans guarantee programs provide funding to **creditworthy** individuals, small business owners and entrepreneurs to aid them in their efforts to start and grow successful small business concerns.

Grant opportunities do exist within the federal sector, and you may respond to such solicitations. To review grant opportunities for the various federal agencies, as well as for some state agencies, visit www.grants.gov. This website provides links to outside grant opportunities as well. Nevertheless, be aware that to access grants.gov you have to be registered in the Central Contractor Registration or CCR at www.ccr.gov or you can register through the government's single point-of-entry to procurement opportunities, the Business Partners Network at www.bpn.gov.

9. What requirements must I meet to qualify for an SBA guaranteed loan?

The bank submits the guaranty application package to SBA. The most important requirements that you must meet for your bank to secure a loan guaranty from the Small Business Administration are (1) your credit history, (2) your ability to repay the loan, (3) collateral for investment in the business venture (4) and equity.

(1). **Credit history** is an important aspect of a loan application because the bank uses this information to determine whether your personal credit is good. That is if you pay your bills on time and if you are delinquent on payments.

(2). **The ability to repay** the loan and must be justified in your loan package. Banks want and need to see two sources of repayment, i.e., cash flow from the business and a secondary source such as collateral. For a new business, the cash flow data is reflected in your business plan through a thorough explanation of how the business will be able to repay the loan. For an established business, the bank will examine the business's financial statements, which reflects both cash inflows and outflows. If the business has consistently made a profit and that profit can cover the payment of additional debt, then it is likely that the loan will be approved. If, however, the business has been operating marginally and now has a new opportunity to grow of if that business is a start-up, then it is necessary to prepare a thorough loan package with detailed explanation addressing how the business will be able to repay the loan.

(3) **Collateral is typically** the second source of repayment for which financial institutions look on loan applications. Collateral are those personal and business assets that can be sold to pay back the loan. Every loan program, even many micro loan programs, requires at least some collateral to secure a loan. If the potential borrower has no collateral to secure a loan, he or she will need a co-signer who has collateral to pledge. Otherwise it may be difficult to obtain a loan.

(4) **Equity applies** on a loan application for either new or established businesses. Financial institutions want to see a certain amount of equity in a business. For a new business, or change of ownership, equity represent the cash being injected by the owner(s) or outside investors for an established business, equity is built up

in a business through retained earnings. Most banks want to see that the total liabilities or debt of a business is not more than 4 times the amount of equity.

10. What procurement programs exist for non-service disabled veterans?

There are no special procurement programs for **non-service disabled veterans**. As a result, small business concerns owned and controlled by veterans must compete as all other small business owners for government contracts that are not part of specified set-aside programs, such as 8(a), HUBZone, Small Disadvantaged Business, service-disabled veterans and women-owned businesses.

Simplified acquisition process, procurement opportunities above \$2500 threshold but up to and under the \$100,000 threshold, offers excellent opportunities for veteran small business owners to bid on and win federal government contracts.

Micro-purchases offer opportunities for veteran small business owners, as well and GSA and Department of Veteran Affairs' supply schedules are other avenues veteran business owners may consider and GWACs, which are Government-Wide Agency Contracts. The federal government agencies with GWAC Authority are: 1) Department of Defense (DoD/DISA [Defense Information Systems Agency]), 2) Department of Commerce (DOC), 3) General Services Administration (GSA) and National Institute of Health (NIH).

11. How do I secure a federal contract?

The key to securing a federal contract stems primarily from how effectively you market your small business. Being on the GSA Schedule or in the CCR does not necessarily mean that by default you will secure a federal contract. You have to establish working relationships with the appropriate contracting officer(s) and market your product and services to them. They need to be aware of your business, what products or services you offer, performance capabilities, and business references.

Your marketing program should include conventional marketing techniques, such as a professionally generated brochure, business cards, networking, letters of introduction sent periodically to contracting officers in the federal agencies with which you desire to do business, cold calls to introduce yourself to the contracting officer(s) and schedule appointments to meet with them and introduce yourself, advertisements in the various media (print, radio, television – extremely expensive; use only when affordable) and e-business advertising –development/maintenance of a website, meta-tags, affiliate programs, trade links, testimonials, etc, e-zines (electronic or Internet-based magazines).

12 How do I identify procurement opportunities with a specific agency, such as DLA?

To identify procurement opportunities with a federal government agency, you will need to work directly with that Agency. This requires that you establish a working relationship with contracting officers through introduction and assistance from the OSDBU specialist or small business specialist within that Agency. To identify the OSDBU staff member visit www.osdbu.gov for the small business specialist with in a specific government agency, go to the respective agency's website and browse through the programs hyperlink, which the mission and a summary of each program office. Locate the link for the Small Business (SB) Office.

13. Is a formal certification required from the SBA, or any other federal agency, to participate in the SDVOSBC procurement program?

No. A SDVOSBC will be able to “self-represent” its status as a SDVOSBC to the contracting activity as part of its offer. However, for sole source procurements, the SBA or the contracting officer may protest the proposed awardee’s service-disabled veteran status, and for competitive set-asides, any interested party may protest the apparent successful offeror’s SDVOSBC status.

14. What are the basic requirements for business concerns to participate in the SDVOSBC procurement program?

- The SDVOSBC must be a small business;
- 51 percent of the SDVOSBC must be unconditionally and directly owned by one or more service-disabled veterans; and
- The management and daily business operations of the SDVOSBC must be controlled by one or more service-disabled veterans (or in the case of a veteran with permanent and severe disability, the spouse or a permanent caregiver of such veteran).

15. Who is a service-disabled veteran?

A service-disabled veteran is a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable, and whose disability was incurred or aggravated in line of duty in the active military, naval, or air service.

The definitions of the terms “veteran” and “service-disabled veteran” are derived from Title 38 U.S.C. § 101.

16. What percentage of a concern must be owned by a service-disabled veteran for it to be qualified as a SDVOSBC?

At least 51 percent of the small business concern must be directly and unconditionally owned by service-disabled veteran(s).

In the case of a small business concern which is a partnership, at least 51 percent of every class of partnership interest must be unconditionally owned by one or more service-disabled veterans. The ownership must be reflected in the small business concern’s partnership agreement.

In the case of a small business concern which is a limited liability company, at least 51 percent of each class of member interest must be unconditionally owned by one or more service-disabled veterans.

In the case of a small business concern which is a corporation, at least 51 percent of each class of voting stock outstanding and 51 percent of the aggregate of all stock outstanding must be unconditionally owned by one or more service-disabled veterans.

Stock options, held by non service-disabled veterans, are given present effect. Any unexercised stock options or similar agreements held by service-disabled veterans will be disregarded. However, any unexercised stock options or similar agreements (including rights to convert non-voting stock or debentures into voting stock) held by non-service-disabled veterans will be treated as exercised.

17. Who does SBA considered to control a SDVOSBC?

Control is not the same as ownership, although both may reside in the same person. Control is regarded as including both the strategic policy setting exercised by boards of directors and the day-to-day management and administration of business operations. A SDVOSBC's management and daily business operations must be conducted by one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran.

Service-disabled veterans managing the service-disabled veteran owned small business concern must have managerial experience of the extent and complexity needed to run the service-disabled veteran owned small business. However, a service-disabled veteran individual need not have the technical expertise or possess a required license to control a service-disabled veteran owned small business concern if he or she has ultimate managerial and supervisory control over those who possess the required licenses or technical expertise.

Finally, a service-disabled veteran, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran, must hold the highest officer position in the concern.

- **Control over a partnership** – in the case of a partnership, one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran, must serve as general partners with control over all partnership decisions.
- **Control over a limited liability company** – in the case of a limited liability company, one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran, must serve as managing members with control over all decisions of the limited liability company.
- **Control over a corporation** – in the case of a corporation, one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran, must control the Board of Directors.

18. How does SBA view the management and daily business operations of a SDVOSBC controlled by the spouse or permanent caregiver of a veteran with permanent and severe disability?

The management and daily business operations of an SDVOSBC may be controlled by a spouse or permanent caregiver (the spouse, or an individual, 18 years of age or older, who is legally designated, in writing, to undertake responsibility for managing the well-being of the service-disabled veteran) of a service-disabled veteran with a permanent and severe disability (a veteran with a service-connected disability that has been determined by the U.S. Department of Veterans Affairs to have a permanent and total disability for purposes of receiving disability compensation or a disability pension).

19. What documentation should I have to confirm my status as a service-disabled veteran?

Contact the National Archives and Records Administration at <http://www.archives.gov> to request certified copies of your Department of Defense discharge papers that demonstrates a service-incurred disability. Additionally, if you have been adjudicated by

the Department of Veterans Affairs as having a service-connected disability, contact your local VA regional office for appropriate documentation at **1-800-827-1000**.

20. Other resources available to assist veteran small business owners and entrepreneurs include:

a. Small Business Administration Entrepreneurial Development, Financial & Procurement Assistance Resources

- i. [Procurement Center Representatives](#)
- ii. [Commercial Market Representatives](#)

b. Business Development Assistance Resources:

- i. **Office of Veterans Business Development:** www.sba.gov/vets and www.sba.gov/reservists
 1. [Veterans Business Development Officers](#)
 2. [Veterans Business Outreach Centers](#)

Entrepreneurial Development www.sba.gov/ed

1. [SCORE](#)
2. [Small Business Development Centers \(SBDC\)](#)
3. [Women's Business Centers](#)

c. Department of Defense Affiliate Resources:

- i. Procurement Technical Assistance Centers: www.aptac-us.org or www.dla.mil/db/procurem.htm

d. Federal Office of Small Disadvantaged Business Utilization Directors Interagency Council

- i. [Office of Small Disadvantaged Business Utilization](#)