

LOS ANGELES DISTRICT OFFICE'S

VET★GAZETTE

Business Resources For America's Veterans

ARMY ★ NAVY ★ AIR FORCE ★ MARINES ★ COAST GUARD



Santa Monica SBDC Briefs Army Captain on Starting Business with Great Results

Ten years ago, Army Reserve Capt. James Cragg started his business with a sewing machine and \$200 worth of cloth, and focused on military and search-and-rescue gear. Now, his company is a multi-million dollar manufacturing operation with over 900 military and law enforcement products including packs, medical kits and aviation systems.

How did Capt. Cragg start on this road to success? Santa Monica College Small Business Development Center (SMC SBDC), a SBA technical assistance provider, helped Capt. Cragg enter the military and adventure sports market. "When Jim came to the SMC SBDC to discuss ideas he was thinking about developing," said Diana Platt, S.O. Tech's SMC SBDC counselor, "he was looking for a sounding board, for ideas and a support system to develop his ideas."

Remarkably, since Cragg's last session with the SMC SBDC, S.O. Tech has launched 28 new products and increased company sales to \$13 million - a 520 percent increase! He also added a new factory and increased the number of employees by 180%. "In a world that feels like your competitors are circling like

sharks in the water, access to the SBDC programs gives me the confidence of knowing a great team and a wealth of knowledge are behind me," said Cragg.



Capt. Cragg's S.O. Tech's Go Bag

The spark for S.O. Tech ignited during Cragg's Army career when the 6-foot, 4-inch soldier quickly realized Army gear didn't fit well. Using sewing skills acquired in a junior high school home-economics class, he designed and sewed pouches onto vests and backpacks for himself and other soldiers. Cragg went into the Army Reserve and set up Special Operations Technologies, Inc.

As a former active duty Army officer, Cragg had plenty of ideas for gear and the niche his business could fill but no real business education beyond his considerable military organization and leadership skills. The initial help from Ms. Platt set a pattern in his quest for success so that when he considered a new direction for growth, he returned to the SBDC.

In 2006, he enrolled in marketing and sales workshops focused on establishing a marketplace presence, targeting audiences and landing sales.

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SBA Tax Savings Resource Center

SBA has created an online tax savings resource center to help small businesses understand how they can benefit from the 2008 economic stimulus package signed into law by the President earlier this year.

The package includes the following tax incentives for businesses: a 50% bonus depreciation allowance on equipment purchased and placed in service in calendar year 2008 and a nearly 100% increase in the amount (from \$128,000 to \$250,000) that a business can expense for equipment purchased and placed in the business tax year beginning in 2008.

- **Fact Sheet**—The fact sheet provides a clear explanation of the small business tax benefits.
- **Depreciation Calculator**—This useful tool provides an estimate of the first-year depreciation available under the provisions.
- **Online Seminar**—This brief tutorial summarizes the tax benefits and concludes with the depreciation calculator.

These resources will help small businesses take advantage of the stimulus package. However, because there are exceptions and additional requirements, small business owners are encouraged to contact their tax advisor to determine exactly how the provisions and implementing tax code of the 2008 economic stimulus package apply to their business. You may also refer to the IRS Web site:

<http://www.irs.gov/newsroom/article/0..id=179227.00.html> for additional information regarding tax changes.



For information on programs and services available to veterans through the SBA, contact:
Los Angeles District Office, 330 N. Brand Blvd. Suite 1200, Glendale, CA 91203
Kenneth Crawford - Ph: (818) 552-3224 Email: Kenneth.Crawford@sba.gov
Patrick Rodriguez - Ph: (818) 552-3222 Email: Patrick.Rodriguez@sba.gov
Ian Lorenzana - Ph: (818) 552-3314 Email: Ian.Lorenzana@sba.gov



A MESSAGE FROM THE DISTRICT DIRECTOR

Since 1953, the U.S. Small Business Administration has been providing entrepreneurial assistance to small business government contractors and sub-contractors who are veterans and service-disabled veterans to start, resume, and further grow their businesses.

We know that as a current or former servicemember, you may have different needs than someone who is just starting their business. That is why the SBA is here to assist you in acquiring capital to grow. The Los Angeles District Office has funded more than 1,100 veteran entrepreneurs during the last five fiscal years, injecting several hundred million into their enterprises.

With respect to the Patriot Express Pilot Loan Program, the SBA has combined elements of its 7(a) loan program (a higher guarantee) and its SBA Express product (simplified processing and greater availability) to create the most compelling and attractive product available through the SBA.

Patriot Express loans can go up to \$500,000, and because it is an Express loan product, lenders and borrowers benefit from expedited and streamlined processing, meaning they will get an answer in most cases in a day or so.

The SBA continues to provide other veteran-related services such as working across federal agencies to increase contracting opportunities for service-disabled and other veterans; increasing our surety bond guaranty; and offering low-interest, long-term disaster loans to small businesses owned by activated reservists and those that employ reservists.

Locally, the Los Angeles District Office has a dedicated team that is knowledgeable in finding lenders to assist veteran owned small businesses in acquiring capital. Please feel free to contact our team at (818) 552-3215.

Sincerely,

Alberto G. Alvarado
District Director of SBA's
Los Angeles District Office

Veterans Benefit Act of 2003

Contracts to Service Disabled Veteran Owned Small Businesses

On December 16, 2003, the **Veterans Benefits Act of 2003** (Public Law 108-183) was enacted amending the Small Business Act (15 U.S.C. 631 et seq.) to establish a procurement program for Small Business Concerns owned and controlled by service-disabled veterans.

Section 308 of that law provides that contracting officers may award a sole source or set-aside contract to Service-Disabled Veteran Owned Small Business Concerns (SDVOSBCs) if certain conditions are met. Specifically, a contracting officer may award a sole



source contract to any small business concern owned and controlled by service-disabled veterans if -

- such concern is determined to be a responsible contractor with respect to performance of such contract opportunity, and the contracting officer does not have a reasonable expectation that 2 or more small business concerns owned and controlled by service-disabled veterans will submit

offers for the contracting opportunity;

- the anticipated award price of the contract (including options) will not exceed:
 - \$5.0M in the case of a contract opportunity being assigned a North American Industry Classification System code for manufacturing; or
 - \$3.0M in the case of any other contract opportunity;
- in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price.

Additionally, a contracting officer may award contracts on the basis of competition restricted to small business concerns owned and controlled by service-disabled veterans if the contracting officer has a reasonable expectation that no less than two small business concerns owned and controlled by service-disabled veterans will submit offers and that the award can be made at a fair market price.

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He also resumed one-to-one business counseling with Platt. Together they worked on marketing, product design/development and the future marketability for company products. "He showed me a product that he developed for the military market and wanted to convert it for introduction to the civilian market," Platt said. They also devised a plan and implemented it to include non-military products, and now S. O. Tech. has a "fun line" of products for sun, surf and carefree living.

"The SBDC has always been there, when I started out and as I went along, whenever I needed to move to the next level," said Cragg. In the beginning, Cragg was happy with contracts of \$500 and \$5,000. Now, he has hit the big time with his company completing a major contract worth up to \$15 million to equip every Army Special Operations

soldier with a medical kit. His pride goes beyond generating dollars and contracts, Cragg wants to help his fellow soldiers, and because of that, he decided to work with the U.S. Veteran's Administration in creating a Vocational Rehabilitation Program for disabled veterans.

SBA Los Angeles District Director Alberto G. Alvarado proudly stated, "James Cragg is much too modest. He has contributed not only to the betterment of veterans, but to all of the lives that he has helped to save and protect, and to the many different entities and organizations that have utilized his products. We look forward to seeing what new and inventive products S.O. Tech develops".

General Service Administration Expands Federal Business Opportunities for Service-Disabled Veterans

WASHINGTON – A new Twenty-One Gun Salute initiative aims to maximize the number and percentage of agency contract dollars going to service-disabled veteran-owned businesses, the U.S. General Services Administration (GSA) announced today.

The strategy of the Twenty-One Gun Salute initiative is to raise awareness among GSA buyers and contract officers; identify service-disabled veteran businesses that provide high-demand government products and services; assist those businesses in finding markets; establish a mentor program; partner with veterans organizations; and support business-to-business partnerships among businesses in this category.

GSA will work closely with The Veterans Corp. (TVC), a federally chartered 501(c)(3) organization, created by the Veterans Entrepreneurship and Small

Business Development Act of 1999 to provide valuable business resources to veterans, such as access to capital, surety bonding, education and prescription coverage.

“We are gratified that TVC has volunteered to support our new initiative,” said GSA Administrator Lurita Doan. “Those who step forward in our national times of need do so at great personal sacrifice. Reaching out to service-disabled veterans is the right thing to do and provides government with resourceful women and men who have honed on the battlefield the skills that are the elements of business success, discipline and cooperation.”

Named for one of the nation’s highest honors, the goal of the Twenty-One Gun Salute is to allocate at least 3 percent, or \$143 million in GSA contract dollars to service-

disabled veteran businesses in 2008.

“It is an honor to support service-disabled veterans,” said Chief of Staff John Phelps, the retired U.S. Army officer who leads the initiative. “Service-disabled veterans continue to serve our nation, applying their talent and commitment to others, developing successful businesses and creating jobs.”

The Twenty-One Gun Salute supports President Bush’s Disabled Veterans Executive Order (13360), which directs all federal agencies to develop and implement strategies to meet a goal of at least 3 percent for participation by service-disabled veteran businesses in federal contracting. GSA, the premier federal procurement agency, has met its three percent goals in its other socio-economic categories.

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The Veterans Corporation—A Year in Review

By Walt Blackwell

2007 was a big year for The Veterans Corporation (TVC). TVC introduced a new veteran entrepreneur peer-to-peer online discussion board that boasts over 2000 visitors per month; mentored 320 veteran entrepreneurs through financial analyses and applications for capital funding, including seeing four businesses all the way through to successful funding; and launched a new program called “Deploy-Proof Your Business,” to help military personnel, especially Guard and Reserve, maintain their businesses during training, mobilization and deployment.

Later that month, TVC started ConnectVets Business Forum where veteran entrepreneurs share business information with each other online. The business forum requires minimal funds and reaches a large number of veterans. Over 14,000 veterans visited the forum during only 7 months in 2007, a monthly average of over 2000 visitors.

Two of TVC’s biggest accomplishments in 2007 have been the openings of two veteran owned businesses enabled by TVC’s Access to Capital program through its relationship with the National Economic Opportunity Fund (NEOF).

The obstacles presented by a service disability can be overwhelming for many veterans who want to start a business, but not for Joe Santiago, who with his wife Stacy, celebrated the grand opening of their Nestle

Toll House Café by Chip franchise in Fredericksburg, VA on November 13.

Santiago was diagnosed with a traumatic brain injury and post-traumatic stress disorder in 2006 after sustaining injuries during a surveillance mission on the Kuwaiti-Iraq border in 2003.

Joe’s injuries are such that sustaining a full-time job will likely always be out of the question, so he and Stacy decided to investigate opening a small business and eventually settled on a Café by Chip franchise.

TVC began working with the Santiagos when they were unable to secure a loan to open the business. Jim Mingey of TVC’s Access to Capital partner, NEOF, began negotiating with bank officers and, within a month, the Santiagos had a loan. Their gratitude to Jim is profound. Stacy said, “I might have quit. If it wasn’t for Jim Mingey, I don’t think we could have made it... Jim was our salvation.”

Salvation of their businesses is frequently the dilemma faced by National Guard and Reserve members who own their own businesses and find themselves facing extended time away during training, mobilization and deployment.

This fall, The Veterans Corporation announced “Deploy-Proof Your Business.” Deploy-Proof aids Guard and Reserve business owners in maintaining their businesses while

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they are away. The online program allows business owners to compare their options for suspending or sustaining their businesses while absent. It also provides step-by-step guidance, including plans, timelines, financial and legal links, and technological solu-

SMALL BUSINESS ADMINISTRATION

www.sba.gov/VETS

www.sba.gov/reservists

www.sba.gov/starting_business/index.html

www.sba.gov/starting_business/special/veterans.html

VETERAN BUSINESS SEARCH SITES

http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm

<http://www.vip.vetbiz.gov>

<http://www2.cadvbe.org/>

<http://www.veteransbusinessdirectory.org>

FINANCIAL ASSISTANCE

www.sba.gov/VETS/lending.html

www.sba.gov/financing/sbaloan/snapshot.html

www.uschamber.com/sb/P07/P07_1294.asp

www.sba.gov/disaster/mreidlall.html

LEGAL ASSISTANCE

www.jagcnet3.army.mil/legal

<http://smallbusiness.findlaw.com/>

<http://www.abanet.org/legalservices/>

HOW TO GUIDES

<http://www.work.com/>

GSA: Cont. from page 3

TVC looks forward to working with GSA to further the GSA mission, as well as the TVC mission to create more prosperous communities and a stronger national economy, by fostering business opportunities for veterans, service-disabled veterans, and members of the National Guard and Reserve," said TVC Board Chairman Jeffrey W. Gault.

The new initiative builds on GSA's accomplishments in 2007. In the past year, GSA awarded the first governmentwide information technology contracts set aside for service-disabled veteran-owned businesses to 44 companies and added 700 businesses in that category to its vendor list up from 100 in 2006. (GSA Press Release) For more information contact Viki Reath at (202) 501-1231 or via email at viki.reath@gsa.gov.

tions to prepare the business and its employees for the absence of the company owner.

For more information about The Veterans Corporation or any of these programs, please visit www.veteranscorp.org.

VETERANS BUSINESS OUTREACH CENTERS

www.vboc.org

www.coserve.org/vboc

BUSINESS START-UP ADVISORS

www.business.gov

<http://library.syr.edu/research/internet/management/BusinessPlans.html>

<http://whitman.syr.edu/eee/news/usefulwebsites.asp#resandres>

VETERAN FRANCHISE DIRECTORY

<http://www.veteranfranchises.com/>

BUSINESS STATISTICS

<http://www.bizstats.com/>

OTHER FEDERAL GOVERNMENT LINKS

http://www.mbda.gov/?section_id=1

www.dol.gov/elaws/userra0.htm

www.va.gov

www.irs.gov

www.opm.gov/veterans/index.asp

PERMITS, LICENSES & REGISTRATIONS

<http://www.calgold.ca.gov>



Photo by Eunice Lin

(l to r) Kenneth Crawford, Lender Relations Specialist, was in the Navy and served in Vietnam. Ian Lorenzana, Business Development Specialist, was in the Army and served in Berlin, Germany and the U.S. Patrick Rodriguez, Business Development Specialist, was in the Army Reserve and served in Kosovo and Iraq.