

Useful Information

ENTREPRENEURSHIP BOOTCAMP FOR VETERANS (EBV)

The EBV is designed to open the door to business ownership for our veterans by:

- 1) Developing your skills in the many steps and activities that launch and grow a small business, and
- 2) Helping you leverage programs and services for veterans and people with disabilities in a way that furthers your entrepreneurial dreams.

Please visit whitman.syr.edu/ebv for more information on the EBV.

There are other similar veteran entrepreneurial programs offered without any cost to eligible and accepted applicants. Please visit the following websites for more information on these programs and for eligibility criteria:

ENTREPRENEURSHIP BOOTCAMP FOR VETERANS' FAMILIES (EVB-F)
<http://ebv.vets.syr.edu/families/>

VETERAN WOMEN IGNITING THE SPIRIT OF ENTREPRENEURSHIP (V-WISE)
www.whitman.syr.edu/vwise

YELLOW RIBBON REINTEGRATION PROGRAM
www.yellowribbon.mil/yrrp

VETERANS ENTREPRENEURSHIP PROGRAM
entrepreneurship.okstate.edu/vep

BOOTS TO BUSINESS
sba.gov/bootstobusiness

BOOTS TO BUSINESS REBOOT
sba.gov/bootstobusinessreboot



The University of Texas Rio Grande Valley Veterans Business Outreach Center

VETERANS BUSINESS UPDATE

Issue 8

From the Director >>>



VBOC Program Expansion

By: David Elizondo

It is with great pleasure that I announce the expansion of the Veterans Business Outreach Center program. On May 17th, 2016, six new VBOC locations were selected to provide assistance to veterans, and service-disabled veterans, National Guard and Reservists, and military spouses interested in starting a small business.

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Military Principles in Business

By: Ismael Delgado

In most business schools, Sun Tzu's book *The Art of War* is used to teach students how to use military strategy to "survive" in a competitive, business environment. Ultimately, the end game of being in business, much like in war, is to win.

For businesses, winning or success is made possible by remaining profitable and viable; inversely, failing in business means defeat or closing the doors of the business. With this perspective in mind, business owners would be well-served to revisit the following principles.

Act like water. In other words, adapt your business strategy to astutely reflect changes in the environment or market-place. Water consistently yields to the path of least resistance and has no other form than what the environment allows. The marketplace itself is dynamic and brings to mind the cliché that the "only thing constant is change". Therein is the strategic wisdom about this principle and its significance in victory.

Businesses cannot expect to use the same strategy in an ever-changing environment and expect the same results. This may well be the definition of entrepreneurial insanity; however, some owners frequently conduct business in this manner and expect similar success in the long-term. A rigid mindset or inflexible business practice is a sure way to lose battles in the marketplace. Invariably, there will be an entrepreneur with new ideas or a cutting-edge approach that puts competitors at risk.

Remember, without innovation, products and services eventually become stagnant or obsolete. Furthermore, competitors constantly aim to increase efficiency in operations, thereby reducing costs and prices and affecting competitors with outdated concepts or processes. Whatever the circumstance may be, a business owner's inability or disinterest to adapt its business strategy to reflect the changing times will ultimately impact its survivability.

Sharpen your best weapons. Namely, use advanced tools to ensure greater effectiveness and efficiency in your business. The Pentagon, the "brains" of the military, is always on a quest to have the best hardware in order to ensure victory. This advantage is intended to annihilate the enemy in the swiftest manner possible, minimizing a protracted and costly military-campaign. Similarly in war, established business need use the best "weapons" or technology available to stay competitive and relevant, crusading against competitors to win market battles.

When competitors adopt new technologies that give them an edge in productivity or utilize "disruptive" technologies, others in the same industry may not last long in business. The horse and buggy is no match for the automobile!

To summarize, businesses should strive to be entrepreneurial and innovative to stay competitive. Winning the war means conquering outdated notions and practices to be the victor. This means recognizing that change is constant and that success is brought forth through relevant business strategies.

Ismael Delgado, an economist with over 22 years of comprehensive business, economic, and community development experience, provides technical-business support at the UTRGV Veterans Business Outreach Center (VBOC).



The Official Dictionary: Industry Lingo

Franchisee

An individual who purchases the right to operate a business under the franchisor's name and system.

Franchisor

The parent company that allows individuals to start and run a business using trademarks, products, and processes, usually for a fee.

Franchise Disclosure Document

All franchisors are required by the U.S. Federal Trade Commission to provide this legal document to prospective franchisees. FDDs are updated annually and consist of 23 sections, called items, which explain the company history, the fees and costs, contractual obligations, unit data and more. Don't make a move without reviewing it.

Master Franchise

A master franchisee serves as a sub franchisor for a certain territory.

Startup Cost/Initial Investment

The total amount required to open the franchise, outlined in Item 7 of the FDD. This includes the franchise fee, along with other startup expenses such as real estate, equipment, supplies, business licenses and working capital.

PTAC (Procurement Technical Assistance Center)

The PTAC mission is to generate employment and improve the general economy of its geographic area. The PTAC will assist businesses seeking to do business with the Department of Defense and State and local governments.

VOB (Veterans-owned Business)

A small business that is at least 51 percent owned and controlled by a veteran of the military.

SDVOB (Service-Disabled, Veteran-owned Business)

A small business that is at least 51% owned and controlled by a service-disabled veteran of the military. The service-connected disability can be zero percent compensation.

The University of Texas Rio Grande Valley Veterans Business Outreach Center is funded in part through a Cooperative Agreement with the U.S. Small Business Administration. All opinions, conclusions, and/or recommendations expressed herein are those of the author(s) and do not necessarily reflect the views of the SBA. Arrangements for persons with disabilities will be made at all times in accordance with the Americans with Disabilities Act of 1990 and associated amendments. Arrangements for persons with special needs will be made if requested in advance. All SBA programs are extended to the public on a nondiscriminatory basis. Assistance for the hearing impaired can be attained by calling the TDD at (956) 665-5071.

Empowering Veteran-Owned Businesses!
The University of Texas Rio Grande Valley Veterans Business Outreach Center
UTRGV CESS Building, 1407 E. Freddy Gonzalez Drive, Suite 1.200, Edinburg, TX 78539
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Join our Mailing List: Text **TXVBOC** to 22828 to get started!

The University of Texas
Rio Grande Valley
Veterans Business
Outreach Center



Financing Your Venture

A stage-by-stage financing guide for vetpreneurs

By: Andrea Lovas

Source: Vetpreneur Magazine

“The commercial lenders are at the top of the food-chain—they offer the best interest rates,” said Ray Milano, Director of the VBOC

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Other VBOC Locations Nationwide

Big Sky Economic Development Authority
-Billings, MT

Center for Women & Enterprise
-Providence, RI

Cohise County Community College District
-Sierra Vista, AZ

Community Business Partnership
-Springfield, VA

Georgia Southern University Research & Services Foundation
-Statesboro, GA

Hampton Roads VBOC/Old Dominion University
-Norfolk, VA

Miracosta College
-Oceanside, CA

Seattle Business Assistance Center
-Seattle, WA

The Research Foundation of the State University of NY
-Albany, NY

University of Hawaii
-Honolulu, HI

University of Texas in Arlington
-Arlington, TX

VBOC at Fayetteville State University
-Fayetteville, NC

VBOC at Gulf Coast State College
-Panama City, FL

VBOC at Mississippi State University
-Mississippi State, MS

VBOC at WBC
-Chicago, IL

VBOC IX
-Sacramento, CA

VetBiz Central, Inc.
-Flint, MI

Veterans Advocacy Foundation Institute
-St. Louis, MO

Vets Enterprise Training Program
-Albuquerque, NM

To find out more, please go to www.sba.gov/vboc

U.S. SMALL BUSINESS ADMINISTRATION

VBOC

VETERANS BUSINESS OUTREACH CENTERS

The locations of the new VBOC locations are as followed:

- **Center for Women & Enterprise (CWE), Providence, R.I.**
- **Cohise County Community College District, Sierra Vista, AZ**
- **Georgia Southern University Research & Services Foundation, Statesboro, GA**
- **MiraCosta College, Oceanside, CA**
- **University of Hawaii, Honolulu, HI**
- **University of Texas at Arlington, Arlington, TX**

According to the U.S Small Business Administration’s website, “The States and regions were selected as potential sites based on *Boots to Business program demand, military installation, and transitioning population data.”

*Boots to Business is an entrepreneurial education and training program offered by the U.S. Small Business Administration (SBA) as part of the U.S Department of Defense’s Transition Assistance Program (TAP). The curriculum continuum includes steps for evaluating business concepts, the foundational knowledge required to develop a business plan, and information on SBA resources available to help access start-up capital and additional technical assistance.

For more information about the services of the Veterans Business Outreach Center, please visit www.sba.gov/vboc or

TOUGH TIMES

According to the National Small Business Association (NSBA), times are still tough for small businesses. While access to capital has improved for small businesses, one out of four firms still can’t access adequate financing. And while 75 percent are confident in their own businesses, statistics from the Small Business Administration (SBA) show that confidence may be misplaced, since more than half of small businesses fail in the first five years.

Why? Well, the answer varies, depending on who you talk to, but top reasons include lack of financial acumen and lack of funding. In other words, money: where to get it from, how to make it, how to use it, and how to track it. So as part of our special issue on financing, we set out to not only show you the money, but also give you the tools and resources you need to make the best financial decisions for your business. Because, really, what good is having the cash if you don’t know what to do with it?

MILITARY EXPERIENCE

Many veterans coming out of the military have a variety of attributes that make them naturally gravitate toward entrepreneurial endeavors. However, leadership skills, work ethic, creativity, and drive can only take a would-be business owner so far. In order to give these promising vets a leg up and increase their chances of success, a growing number of organizations are rolling out financial literacy and entrepreneurship training programs.

Armed with information, vets are better positioned to make wise financial decisions—arguably the most important choices you’ll make in the life cycle of your business. While accessing financing can be a major headache, many organizations have set out to make the process easier, the results more positive.



READY TO GET FUNDED? KNOW YOUR OPTIONS

IDEA-STAGE COMPANIES:

Very early-stage, pre-revenue companies with less than one year in business would benefit most from non-traditional funding options such as grants, crowdfunding, and bootstrapping. An online lending community built by veterans for veterans,

Street-Shares, offers the Commander’s Call grant program from vetpreneurs not yet ready to take out a loan. There are also self-employment grants from the VA for service-disabled veterans.

Many people end up tapping friends and family for funding, though equity relationships need to be approached carefully for a number of reasons, including the fact that vets need to maintain majority ownership of their businesses in order to be classified as veteran-owned organizations. Crowdfunding opportunities for idea-stage companies abound, including Kickstarter and Indiegogo. Mark Rockefeller, Street-Shares’ CEO and cofounder, said odds of raising this “free money” are low, but that there’s very little downside to trying. For high-tech startups, Rockefeller says VeteranCrowd may be a good option: they do take a hefty fee, but raise the money for you. Small, interest-free, philanthropic loan offered by organizations like Kita Zip are another option.

EARLY-STAGE COMPANIES:

If you have more than a year in business and at least \$25,000 in revenue, you may be ready to explore lending opportunities.

“The commercial lenders are at the top of the food-chain—they offer the best interest rates,” said Ray Milano, director of the Veterans Business Outreach Center Program at the SBA’s Office of Veterans Business Development.

But working with the “best” has a cost—commercial lending is all about risk and return, so if you’ve got a novel business idea, a less desirable credit rating, or are too “new,” you may spend a lot of time, effort, and energy trying—and failing—to get a loan. And time is money, so it may not be an option you can afford to explore, especially at this stage.

For many entrepreneurs, obtaining financing with speed and efficiency is critical, and this is where StreetShares really shines, offering loans from \$2,000 to \$100,000.

“We are faster and much easier than the banks and other alternative lenders that exist. StreetShares isn’t just for folks who don’t have other options, it’s folks who can get loans but like us and what we stand for,” Rockefeller said.

GOOD DEAL FOR THIS VETERAN

Matt “Griff” Griffin, co-founder and CEO of Combat FlipFlops, would agree. When he first tried to obtain funding, the commercial lenders turned up their noses at him—his idea of creating FlipFlops with combat boot soles was too risky a one for them to invest in. StreetShares was much more willing to help, providing him with a loan from fellow veterans that was partially backed by StreetShares, albeit at a higher interest rate than one would get with a commercial loan.

Nevertheless, Griff says he will go back to StreetShares again and again for his financing needs. “StreetShares cut out a lot of the red tape, we got to that point where we needed the capital and were ready to take on the debt, but we waited until the very last minute to move forward. We completed all the load requirements in 20 minutes, and within two weeks we had the money in our bank account.”

For veterans, StreetShares offers so much more than just a loan—it’s an online community for veterans and their families, one in which anyone can invest. The platform was initially only available to qualified investors with lots of cash, but thanks to a new law passed last June, StreetShares now has permission from the SEC to invite anyone to invest and back a vet-owned business.

BUILDING A COMMUNITY

“This is a tremendous opportunity for the veteran community. We are going to be the USAA of small businesses, building an online community made up of military families who invest in and borrow from each other,” declared Rockefeller. “We want to build a massive membership base; we know that loans to veterans are less risky when backed by vets, because of the sense of camaraderie that exists among us. This means safer returns to investors, which encourages them to invest even more—so it’s a win-win.

Almost 400 loans have been awarded, averaging about \$23,000 each, and totaling about \$7.5 million. The company also offers a line of credit to veteran-owned businesses that need it.

Angel investors may also be an option for tech companies looking for early-stage funding. Groups focused on funding vets include Hivers and Strivers and Moonshots Capital. These investors can provide you with big bucks, but they generally look for hefty returns and require that you give up a portion of ownership in your company.

GROWTH-STAGE COMPANIES

For organizations with at least two years in business and at least \$150,000 in revenue, it may be the ideal time to try for a traditional bank loan. The SBA Veterans Advantage program guarantees loans approved to businesses owned by veterans or military spouses during fiscal year 2016 (October 1, 2015 through September 30, 2016) will receive the benefit of its regular guaranty fee reduced by 50 percent, when the loan is over \$150,000. Thanks to the SBA Veteran’s Entrepreneurship Act of 2015, the upfront borrower fee is reduced to zero dollars for eligible veterans and military spouses for SBA Express loans up to \$350,000.

SBA Community Advantage is a loan program aimed at increasing the number of SBA 7(a) lenders who reach underserved communities (including veterans), targeting community-based, mission-focused financial institutions which were previously not able to offer SBA loans, such as community development financial institutions, nonprofit micro-lenders, and SBA’s certified development companies, Milano said. The program allows for loans to be made up to \$250,000 and 85 percent guaranty for loans up to \$150,000 and 75 percent guaranty for loans of \$150,001 to \$250,000.

Furthermore, Milano reports, veterans and military spouses are also eligible for the entire range of the SBA’s lending programs, including assistance with working capital, business credit card refinancing, the purchasing of commercial property and equipment, and investment financing.

COMMERCIAL LENDERS

Commercial lenders like JPMorgan Chase, a national leader in SBA-partnered lending, further sweeten the pot. In addition to offering Veteran’s Advantage loans, Ross Brown, Head of Military and Veterans Affairs at JPMorgan Chase, explains that chase offers eligible service members and vets savings up to \$500 on all SBA loan programs and on conventional loan origination fees, as well as an annual fee waiver on lines of credit.

Milano says the SBA’s efforts to make it easier for entrepreneurs to access the capital they need are working, and reports an increase of over 100% in lending through the SBA’s 7a loan program in 2015 vs. 2014.

StreetShares is also ideal for growth-stage companies, especially those that need to obtain financing quickly and easily. Other options for more established businesses include niche funders like Republic Capital Access, which offers financing for government contractors, and vet-focused venture capitalists like the Veteran’s Opportunity Fund and Scout Ventures. Rockefeller warns entrepreneurs against pricey online lenders like OnDeck, Kabbage, Swift Capital, and IOU Central, citing their extraordinarily APRs of 50-to-100 percent.

No matter what stage of business you’re in, sorting through all the financial resources out there is no easy feat. Tap the expertise of the educational programs at right and talk to folks like Rockefeller and Woody Wollesen (Operation Veteran Empowerment), who are committed to vetpreneurs’ success. Don’t simply go after the lowest-hanging fruit, but instead take the time to educate yourself, carefully weigh your options, and determine what make sense for your business. It’s your best bet for beating the odds and achieving long-term success.

ADVICE FROM A FELLOW VETPRENEUR

As Griff of Combat Flipflops says, “There is no legitimate excuse not for not knowing what business financing is all about.” Read up on a variety of educational resources, many of them tailor-made for vetpreneurs.



Source: Vetpreneur Magazine

Like us on facebook.com/utrgvvboc for more information on VBOC’s upcoming events!