



Written Testimony

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For the

United States House of Representatives
Committee on Small Business
Subcommittee on Rural Development, Entrepreneurship and Trade

*“To Evaluate Legislative Initiatives to Update SBA’s
Entrepreneurial Development Programs”*

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Room 2360
Rayburn House Office Building
Washington, D.C.

Chairman Shuler, Ranking Member Luetkemeyer, and Members of the Committee:

Thank you for the opportunity to present my views on the SBA, and their entrepreneurship development programs as it applies to the veteran community.

As Chief Executive Officer of the Northeast Veterans Business Resource Center, I have been able to gather data, case histories and research important to veteran entrepreneurship. Our network of veteran business owners, federal, state, and community based leader's totals more than 12,000 stakeholders we maintain contact with on an annual basis.

My testimony today is a reflection of this work as I represent this community. Additionally, we are very impressed with the comprehensiveness and forward thinking planning that the Veterans Business Center Act of 2009 represents and want to commend Representative Nye for his work on this bill. We fully support this bill and will strongly oppose any attempts which will degrade the quality, scope or intent of this legislation.

Princeton University defines "Patriot" as, - *One who loves and defends his or her country.*

The United States has brought freedom to more people than any other nation in history, and that freedom was bought and paid for with the sacrifices of our veterans.

A patriot is naturally protective and as someone who loves their country, wants to guard it, and take pride in its growth. All we want is to be able to look back some day and say to our children with pride, "Yes, I was there, and I did my share".

In his book "The American Patriots Almanac", William J. Bennett describes patriotism in this way;

Patriotism brings an obligation. It involves actions, not just feelings. Occasionally, being a patriot means putting national interests before self. Here is when patriotism can be a hard virtue to live up to – when it involves sacrifice. The people who founded this nation did it. The signers of the Declaration of Independence, for example, were mostly wealthy men who could have gone on living comfortable lives with the status quo. But they put their fortunes, their safety, and their sacred honor on the line for something greater than themselves.

Americans who serve in the Armed Forces frequently put national interests before their own. They're often men and women who love their country more than self. It is crucial to remember and honor those patriots who have fought for America when necessary. Without them, we would not have a country.

September 11th reminds us that there will always be tyrants, madmen and bullies who hate American ideals, and as President Harry Truman once said, freedom "calls for courage and endurance, not only in soldiers, but in every man and woman who is free and is determined to remain free".

We ask the patriots of this committee, our congress and our government to make the hard choices necessary to support, defend and enable our nation of veterans and their families, who today according to the U.S. Census Bureau currently represent more than 10 percent of the U.S. population.

We have come a long way since 1776, but are we that much different as a society? The plantation owners, landlords, and mercantilists of the 21st century are the multi national prime contractors of the world today and “we the people” are still struggling for equality.

In 1953 the Small Business Act was signed into law which created the Small Business Administration (SBA) we know today. The act was created to encourage and promote small business growth, and free competition. In 1945 and 1946 millions of Americans took off their uniforms after WWII and came home to a job market that was shrinking because the war no longer provided economic stimuli. True to their very nature, American patriots turned to entrepreneurship.

Still, large firms which grew powerful as a result of war production had a tremendous advantage over smaller and start-up companies, so Congress created the SBA to help level the playing field.

Over the past 6 months there have been thousands of news articles, political opinions, economists’ reports, financial experts’ testimony, and overall general consensus that small businesses WILL BE the primary economic factor which leads our economy out of recession.

If small business growth is the logical solution to economic strength in the United States, then why is it so difficult for small businesses to get the assistance they need to grow and compete fairly in the federal marketplace? While small business collectively represent 97% of all employers and are responsible for the majority of all corporate tax deposits, we are a community of individuals. Big businesses have an unequal ability to immediately influence opinion whether legislatively, through public advertising, or private investment in the political process.

To give you an idea of just how unbalanced this divide really is; when we talk about “small businesses” we think about micro enterprises, companies ranging from one employee up to about 100. The average citizen categorizes a small business as the local landscaper, barber, or hardware store. But what many American’s AND small business owners don’t realize is that the U.S. Small Business Administration generally considers a business “small” if they have less than 500 employees, for some industries the employee count can be as high as 1,500.

According to the Small Business League, a watchdog group which monitors federal spending; Boeing, Microsoft, Blackwater Security, Home Depot, Raytheon, Lockheed Martin, Hewlett-Packard, Rolls Royce, Exxon Mobile, AT&A, and over 100 other large businesses have won contracts specifically designated for small businesses.

Where does the voice of micro enterprise or start-up venture fit in? More often than not, they don’t.

Training, advocacy, access to capital, and someone to protect their interests are the tools these businesses need to survive, prosper and succeed. Accordingly, the U.S. Small Business Administration was created, and empowered by congress to insure that government sector support. Unfortunately, our government tends to be more reactive than proactive, and programs which support Economic Development are often left to deteriorate while America rides high on the wave of Bull Markets. Such is

the case of the Small Business Administration. With an annual budget of about \$750 million dollars, support for small businesses has been relegated to about the same amount of money than DoD spends on their luncheons.

Veterans, despite all of the programs and money that **are** dedicated for entrepreneurial outreach and development, have been the most historically undermaximized and overlooked socioeconomic group as recognized by SBA. Veteran Entrepreneurship programs started receiving funding in 1999 and have lost congressional interest and federal appropriations every year since. The 2009 appropriations which gave us a total of \$1.2 million to fund a national veteran's business center program is down from \$2.1 million in 2008.

To put things into perspective, out of the 2009 omnibus appropriations, the SBA manages the Women's Business Center program which received nearly \$14 Million, in addition, they maintain a Women's Business Council at \$775,000 (which is the same amount of funding the Office of Veterans Business Development had last year to operate their entire National Veterans Business Center program).

In addition to the \$110 million used to support the national network of Small Business Development Centers (SBDC), an additional \$162 million was appropriated for individual economic development projects around the country, such as \$608,000 for Economic development assistance for Wells, Nevada,,,,,, population 1,310

Again, the NATIONAL federal budget for the SBA Office of Veterans Business Development, which is responsible for supporting 5 Vet Business Outreach Centers, received less than \$750,000 for the 5th year in a row to support these 5 centers.

According to Section 101 of the Veterans Entrepreneurship and Small Business Development Act of 1999 (Public Law 106-50);

Congress finds the following:

(1) Veterans of the United States Armed Forces have been and continue to be vital to the small business enterprises of the United States.

(2) In serving the United States, veterans often faced great risks to preserve the American dream of freedom and prosperity.

(3) The United States has done too little to assist veterans, particularly service-disabled veterans, in playing a greater role in the economy of the United States by forming and expanding small business enterprises.

(4) Medical advances and new medical technologies have made it possible for service-disabled veterans to play a much more active role in the formation and expansion of small business enterprises in the United States.

(5) The United States must provide additional assistance and support to veterans to better equip them to form and expand small business enterprises, thereby enabling them to realize the American dream that they fought to protect.

Veterans face a unique set of challenges when starting or growing small businesses and micro enterprises, such as;

1. Lack of accumulation of assets. Due to the multiple transfers and relocations that occur during a military enlistment, veterans commonly leave the military as renters, never really having the opportunity to purchase a home. Since most new ventures are financed based on personal credit backed by assets (asset backed loans), veterans face a major disadvantage trying to start new businesses.
2. Military members commonly live in military communities. Their interaction with the civilian economy is reduced to consumer spending. They do not have the opportunity to network or accumulate industry specific skills, knowledge or experience that might be leveraged when starting a new business.
3. Guard and reserve members are always subject to extended and multiple deployments, which can render a business of nearly any size bankrupt or damaged.
4. Military members are trained with a can't fail, won't fail attitude, and often have a false sense of security regarding the level of assistance available as they depart the active military support system. As a military member, there is almost always a safety net; whether it is our chain of command, our fellow comrades, or an existing program designed to foster well being or success of service member and family. While considering post-military options, veterans are told that there are entrepreneurial programs and business financial assistance to assist them once they leave the military. We mistakenly believe that these programs are of the same caliber and intensity as the military support programs we are use to. Thus, veterans stand at the edge of their new cliff with a false sense of security, believing that the federal government has established programs to shepherd them with safe passage as they take that first civilian step. Unfortunately, many end up jumping off only to find out too late that there is no safety net to catch or enable them.

I'd like to end with a quick story;

Two friends graduate with the same class of 2001. Both have similar grades and both are of minority descent. One goes to a trade school for Heating and Air-conditioning, the other joins the military and is trained and deployed an HVAC technician (Heating and Air-conditioning) in Iraq.

- The graduate who went to a trade school worked as an apprentice for 4 years and then started a small business. That business was accepted into the SBA 8(a) business development program and by 2008 is servicing multiple federal and state contracts.
- In 2008 his friend the soldier leaves the military and tries to start a business using the SBA programs available to veterans. After 2 years of frustration and spotty support, the soldier ends up working for the class mate as a technician because his bills had become so far behind that his credit started to suffer.

This is not to attack or disparage other economic development programs; they all provide important services and offer consumers and American entrepreneurs a variety of alternatives which suit individual circumstances. What I am saying is that there is a kinship and shared sacrifice that serving in the military brings based on common experiences, hardships, training and triumphs. Veterans know how to interact with, and often will more readily seek help from other veterans, and we hold each other to higher standards than our non-veteran counterparts. I have even seen websites that proclaim "I speak veteran".

We are not asking for anything out of the ordinary or special, just a fair and equitable allocation of resources and protections with which to grow, survive and thrive in the Nation we took time out of our lives to defend, "against all enemies, foreign and domestic."

Every veteran in this room and every veteran in these United States, past, present and future, signed over a blank check payable, on demand to the "United States of America", for an amount up to and including, my life. The veterans who were never called upon to cash that check come before this committee today and ask "will you support and invest in us now, as we continue to serve and strengthen this nation, as corporate tax payers."

Suggestions/Recommendations;

1. SBA should institute a micro enterprise program specifically targeted to veterans, reservists and their families. i.e.; companies of 100 employees or smaller and NET annual revenues of 2 million or less.
2. Congress should establish a real, national Economic Development program for veterans to include, at a minimum, one Veterans Business Center per state or territory. Congress should Empower and fund these centers to maintain a robust catalogue of programs and services which include; Business start up and growth assistance, financial management and access to capital, Federal and other contracting and bonding capacity building, micro enterprise/home business start up packages, Targeted programs for spouses of Active Duty, Guard and Reserve business owners assistance AND advocacy/network building.
3. Charter a not-for-profit Veterans Entrepreneurial Institute to be established by the SBA Office of Veterans Business Development. This institute would be a training and certificate granting institution to teach veteran counselors how to properly screen and conduct counseling for veterans interested in entrepreneurship. To include State Veteran Affairs employees, Department of Veteran Affairs Vocational Rehabilitation Counselors, Department of Labor Disabled Veteran Outreach Personnel and Local Veteran Employment Representatives. Additionally, the institute would be the training academy for Veteran Business Training Center Directors and would conduct ongoing entrepreneurial skills development classes, and conduct and develop entrepreneurial research and program and policy design regarding veterans, Reserve component members and their family. This Institute would organize and facilitate veteran's entrepreneurship summits of public and private resources and expertise. This organization would also conduct Veteran Business Outreach seminars to help facilitate targeted access to SBA and other resources and, organize matchmaking and teaming events with Veteran Training centers across the country.
4. Rebuild, reinvest, and empower the SBA to perform the job it was designed to accomplish.

Rebuilding the SBA

To *“aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns”* read the original charter of the U.S. Small Business Administration in 1953.

Dating back to 1932, the foundation on which the SBA was built included the combination of the Reconstruction Finance Corporation (RFC), The Smaller War Plants Corporation (SWPC), The Department of Commerce Office of Small Business (OSB), and The Small Defense Plants Administration (SDPA).

The combined responsibilities of these programs were clearly identified as;

1. Federal lending aid to small businesses (RFC)
2. Small business production assistance, direct lending assistance, federal procurement advocacy (SWPC)
3. Small business education and counseling (OSB)
4. Small Business Certification, federal procurement advocacy, production assistance (SDPA)

Over the years the SBA has always played an integral role in the support of American small business infrastructure but it appears that the Administrations focus has disproportionately focused its efforts on access to capital.

While the SBA has not abandoned its other responsibilities of training, procurement, advocacy, counseling and certification, these areas have taken the brunt of the agencies cutbacks and funding losses.

There are very few situations in this world that can be fixed simply by throwing money at the problem, and that is especially true when it comes to strengthening a self enterprise. While access to capital remains an important aspect of small business development and growth, studies and reports commissioned to determine the formula for small business success are unanimous in their findings that the absence of counseling, training, advocacy, and undercapitalization are the reasons most small businesses fail. Undercapitalization should not be confused with limited access to capital as most of these small businesses would not be mature enough or stable enough to qualify for any type of loan.

Over the years a number of congressionally chartered programs have been instituted to fill the huge gap in services left by an insufficient SBA. Small Business Development Centers (SBDC), Women Business Centers (WBC), Veteran Business Centers (VBC), the Service Corps of Retired Executives (SCORE) are all programs associated with the SBA, but created independently to fill a gap in services left by inadequate SBA programs.

We have come to accept the disjointed system of small business support as the standard by which our SBA is measured and asking only questions important to corresponding White House, depending on the prevailing Administration at the time.

There are offices within the SBA that most small business owners KNOW NOTHING ABOUT. For example, there is an office of Entrepreneurial Development, Office of Contracting Assistance, Office of International Trade, and Office of Veterans Business Development. Poll 10,000 business owner of varying stability who are at least 50 miles outside the beltway of Washington, Dc and I am confident that you will find that less than 1% of these business owners know these resources are there and I dare say; you will be hard pressed to find 10 of those 10,000 surveyed who will report that they have actually received quantifiable services from any of these offices directly.

It is time to fully empower the agency designed to support and build the American economic system of infrastructure through small business development, by; releasing policy constrictions, fully staffing offices, and charging program managers with program design and management resources which will realistically benefit our small business community.

SBA needs to structure and market the agency as would a small business. By offering outreach and educational programs, branding and advertising campaigns, and through public/private partnering, but most importantly, by LEADING American entrepreneurs to success, the SBA can become crowned jewel in the American catalogue of federal agencies.

A United States Small Business Administration with a strong training, advocacy, certification and capital access program, which is willing to get into the trenches of Main Street America with small business owners and get their hands dirty, is the type of Small Business Administration we need.

If we reinvest in the SBA, and provide “top down” support (from the White House), empower the agency and hold them accountable for results; we will save money, become partners with our economy by enabling self-success, improve efficiency, and grow as a nation together.

Louis J. Celli Jr

Louis J. Celli Jr is a nationally recognized small business development expert who frequently advises congressional staff regarding small business structure, growth and economic development. Well known to senior executives throughout the federal agencies, Mr. Celli routinely develops outreach strategies, compiles market research and analysis and advises on matters regarding federal small business policy.



Boston native Louis John Celli Jr. retired from the United States Army as a Master Sergeant in November 2002. While on active duty, MSG Celli was recognized as one of the most successful Army Reserve Recruiters in New England and Army wide nearly 10 years running. Immediately upon retiring Louis opened two retail stores in high profile Boston shopping destinations offering Sales, Leadership and Self Improvement programs and was CEO of Leaders Advantage Inc. from 2002 to 2005.

In 2005 Louis restructured the corporation to serve and assist other veterans who needed help as entrepreneurs by founding the non-profit organization Northeast Veterans Business Resource Center Inc., a 501 (c) (3) in Lawrence, Massachusetts which trains veterans to start and grow small businesses.

As CEO of The Northeast VBRC, Mr. Celli works extensively with rural and inner city entrepreneurs while serving clients across the United States, in Europe and the Middle East. He has conducted small business outreach training and programs across Massachusetts, Los Angeles, New York, Chicago, Salt Lake City, Reno, Tampa and Washington, D.C.. Mr. Celli also developed and delivered the first live educational training program remotely offered to soldiers serving on the front lines in Iraq. Using donated video conferencing software from Citrix Corporation and inviting guest speakers from across the country to participate, Mr. Celli facilitated a 15 week Veterans Entrepreneurial training program entitled from Boston to Baghdad which instructed Army National Guard soldiers in business building disciplines, enabling them to start or rehabilitate businesses once they returned to their homes.

Louis conducts and directs training and outreach nationwide and through his programs at Walter Reed Army Medical Center in Washington DC, assists American Veterans and their family members who are transitioning out of the military and are working toward their entrepreneurial goals of self sufficiency.

Mr. Celli was instrumentally responsible for advancing important legislation addressing veteran entrepreneurship. S-1014 had been stalled in committee when Senate Small Business Staff called Mr. Celli to testify before the Senate Small Business Committee in January of 2007. Mr. Celli teamed with the American Legion and assisted in building bipartisan bridges which resulted in the Small Business Committee's unanimous passage of a revised bill, S-1784. Mr. Celli again rallied community support and worked with the House Small Business Committee to advance the bill which resulted in the passage of H.R. 4253 and was signed into law as P.L. 110-186 February 14, 2008. P.L. 110-186 is the first stand alone law passed out of the Small business Committee in more than a decade.

Mr. Celli has worked on number of bills regarding veteran entrepreneurship, improved GI Bill, military health care, veterans employment and veterans homelessness. Recently, Mr. Celli discovered that veterans in the Northeast were being denied access to important medical services due to an ineffective certification program. Mr. Celli worked with TRICARE officials and the Veterans Affairs Committee's of both chambers to have this barrier to critical health care removed resulting in millions of veterans who will soon have access to previously denied services.

As a faithful veteran's advocate, Mr. Celli has worked with victims with Traumatic Brain Injuries (TBI) and has testified before the Massachusetts State Assembly on behalf of veterans returning from Iraq and Afghanistan regarding supportive service for veterans suffering from TBI.

Louis is published, speaks nationally and writes for 2 major veteran's trade magazines. Mr. Celli has testified before the United States Senate and House of Representatives as well as the Massachusetts State Assembly and is frequently quoted in national and local media such as the Boston Business Journal, Forbes, MSNBC, Fortune Small Business, National Public Radio, and the Christian Science Monitor.

- ❖ 2005 Veteran Small Business Champion of the Year for Massachusetts and New England by the United States Small Business Administration.
- ❖ 2006 National Leadership Award from the National Business Advisory Council of the National Republican Congressional Committee

As a volunteer, Louis serves as a Boston chapter *and* Cyber chapter SCORE counselor and since January 2005 has worked with thousands of entrepreneurs regarding all aspects of the business life cycle. He has worked with and has donated training programs to New England area homeless veterans at The New England Shelter for Homeless Veterans and volunteers as a Business Coach for High School children with the National Foundation for Teaching Entrepreneurship

- ❖ **Chairman**, United States Small Business Administration's Advisory Committee on Veterans Business Affairs (P.L. 106-50, P.L. 110-186)
- ❖ **Vice Chair** of the National Small Business Task Force for the American Legion
- ❖ Served as Massachusetts Honorary Chairman for The Business Advisory Council
- ❖ Member, American Legion Post #268, Billerica, Massachusetts
- ❖ Member, Disabled American Veterans Chapter #47, Billerica, Massachusetts
- ❖ Secretary, Boston Chapter Nam Knights Motorcycle Club
- ❖ Member, Merrimack Valley Chamber of Commerce
- ❖ Member, Association of the United States Army, Massachusetts Bay Chapter
- ❖ Life member, Ancient Free and Accepted Masons of Massachusetts, M.G. Henry Knox Lodge

Mr. Celli is married and lives in Billerica Massachusetts with his wife Elise. Together they have 6 children ranging in age from 7 to 18 years old.

MSG (Ret) Celli is a 40% Service Disabled Veteran who maintains the height, weight and physical fitness standards for his age in accordance with applicable military regulations. He has volunteered for mobilization to Iraq through his retirement branch and remains dedicated to serve his country in whatever capacity needed.