

Main Street Patriots: Why Veteran Entrepreneurs Are America's Hidden Strength

Prioritizing Veteran Small Businesses: A Strategy for America's Future

As Congress considers reforms to federal procurement, it must reaffirm the strategic role of veteran-owned small businesses (VOSBs)—especially Service-Disabled Veteran-Owned Small Businesses (SDVOSBs). These firms are more than symbolic beneficiaries of gratitude; they are critical contributors to national security, economic resilience, and military readiness. Protecting and expanding veteran preferences is both a legal mandate and a strategic necessity.

Veteran Preferences: Earned, Legal, and Strategic

Veteran preferences are grounded in service, not identity. They represent earned benefits—not entitlements—based on tangible contributions to the nation. This principle is enshrined in law and supported by bipartisan consensus.

Federal Procurement Law Protecting Veterans' Earned Benefit

- **P.L. 104-275: Veterans Benefits Improvement Act of 1996 (October 9, 1996)** Established the Congressional Commission on Servicemembers & Veterans Transition Assistance. Commission recommended a Veteran's Small Business Program with access to Capital, Management & Technical Assistance, and Access to Government Contracts
- **P.L. 106-50: Veteran Entrepreneurship & Small Business Development Act (August 17, 1999)** Established 3% government-wide goal of contract awards to Service-Disabled Veteran-Owned Small Businesses, SBA Office of Veteran Business Development, and SBA Veteran Advisory Committee.
- **P.L. 108-183 Veterans Benefits Act of 2003 (December 16, 2003)** Provided "Set-Aside" and "Sole Source" contracting authority to federal agencies for making awards to Service-Disabled Veteran-Owned Small Businesses.
- **Executive Order 13360: "Increase Federal Contracting & Subcontracting Opportunities for Service-Disabled Veteran-Owned Small Business"; (October 20, 2004)** Required all agencies to establish "Strategic Plans" to meet the 3% goal, established VETS GWAC for IT services, and DAU training for contracting officers.
- **P.L. 109-461: Veterans Benefits, Healthcare & Information Technology Act of 2006 (December 22, 2006)** Established "VETS First" contracting program at VA, provided VA unique tools for making contract awards, and established a contracting hierarchy at VA. Also

established veteran “Verification” program for ownership & control of veteran and service-disabled veteran-owned small businesses.

- **U.S. Supreme Court in *Kingdomware v. United States* (14-916) (June 22, 2016) Found** that VETS First to be mandatory, not discretionary and requires VA to apply the Rule of Two (VETS First) to all contract determinations.

These laws underscore that veteran contracting preferences are not optional—they are essential policy tools with the force of law.

““We can put meaning behind ‘thank you for your service’...” — Rep. Mike Bost, HVAC Chair, Hearing on Veteran Entrepreneurship, 4/12/2024.

““There are nearly two million veteran-owned businesses employing five million Americans.” — Rep. Roger Williams, HSBC Chair, Press Release 11/06/2024.”²

Veteran-Owned Businesses: National Assets

Veteran-owned businesses are powerful engines of job creation, innovation, and crisis response:

- **COVID-19 Response:** A 2020 Alignable poll found 69% of veteran-owned firms remained fully open during the pandemic (compared to 62% of others), and 38% met or exceeded pre-pandemic revenues (vs. 31%).³ They quickly supplied critical PPE and medical equipment, filling gaps when global supply chains faltered.
- **Mission-Driven Focus:** Veteran businesses demonstrated rapid decision-making, accountability, and a deep commitment to public service, enabling them to pivot quickly to meet national needs.
- **Resilience Under Pressure:** Their performance during COVID-19 showed that veteran-led firms are uniquely equipped to operate during national emergencies, providing stability and strategic responsiveness.

Strategic Advantages of Veteran-Owned Firms

Veteran businesses bring unique capabilities rooted in service and experience:

- **Operational Expertise:** Veterans understand procurement requirements from the inside, helping shape precise, mission-aligned proposals.

- **Performance Characteristics:** Military training fosters focus on durability, reliability, and effectiveness, especially under pressure.
- **Compliance and Risk Management:** Veteran firms understand regulatory obligations, reducing legal risk and acquisition delays.
- **Innovation and Agility:** Small firms—especially veteran-led—are 16 times more innovative per employee (as measured by patents) than large corporations.

Their ability to rapidly develop and deploy tailored solutions makes veteran-owned firms indispensable to federal missions.

Veteran Businesses vs. Global Outsourcing

Large multinational corporations often offshore production, undermining America's industrial base and creating vulnerabilities in defense and healthcare supply chains.

By contrast, veteran-owned firms:

- Anchor economic activity in the U.S., supporting national resilience;
- Prioritize patriotism and long-term strength over short-term profit;
- Reinforce the domestic manufacturing base vital to national security.

Veteran businesses support an America First industrial policy by keeping critical capabilities at home.

Veteran Entrepreneurs Build Stronger Communities

Beyond federal missions, veteran businesses have powerful local impact:

- **Job Creation:** Since 2019, small businesses have generated over 70% of net new private-sector jobs—up from 64% in the previous cycle.⁴
- **Community Investment:** For every dollar spent at a local business, 67 cents stays in the community and circulates 2–4 times more than money spent at national chains.⁵
- **Civic Engagement:**
 - 90% support local causes financially.
 - 75% volunteer their time.
 - They donate 250% more to nonprofits than large corporations.⁶

Veteran-owned firms serve as community anchors—helping to reintegrate veterans, reduce homelessness, and sustain the social fabric.

Why Prioritizing Veterans Matters

Veterans are among the most trusted and admired groups in America. Supporting veteran entrepreneurship:

- Enhances military recruitment and retention;
- Offers pathways to continued service, purpose, and peer support;
- Reduces veteran unemployment, homelessness, and mental health crises.

At a time of polarization and global uncertainty, investing in veteran-owned businesses is a unifying national strategy—one that builds trust, capability, and cohesion from the ground up.

Economic Impact

Buying products through Veteran Small Business channels have a far superior local economic benefit than purchasing product through large scale warehouse stores such as Amazon. To match the **\$42.84** local economic impact of a **\$21** U.S.-made product purchased through an SDVOSB, **\$114.24** on the same U.S.-made product via Amazon, or **\$259.64** on a China-made product. The difference lies in how each sale recirculates dollars: SDVOSBs retain significantly more value locally through wages, services, and taxes, while centralized platforms like Amazon extract much of the value elsewhere—even when the product itself is American-made.⁶

Market Knowledge

We possess deep knowledge of government markets—not only understanding how they function but also how they think. We know agency organizational structures, identify where critical decisions are made, and recognize which contracts truly matter.

Vast Experience

Our experience, shaped by both military service and business acumen, allows us to bridge the gap between industry priorities—such as innovation, delivery schedules, and revenue goals—and the government’s complex operational demands, compliance standards, and mission objectives.

Conclusion: A Strategic and Moral Imperative

Veteran preferences are not just lawful—they are essential to the strength of the nation. Veteran-owned businesses:

- Strengthen supply chains;
- Anchor American industry;
- Create resilient communities;
- Deliver innovation and reliability under pressure.

Congress must uphold its commitment by protecting and expanding veteran preferences in federal contracting. These earned benefits are not only just—they are essential to safeguarding our economic independence, military readiness, and national security.

¹CRS Report R48185, Jan 2024.

²House VA Hearing Transcript https://veterans.house.gov/news/documentsingle.aspx?DocumentID=6305&utm_source=chatgpt.com ; House Small Biz PR archive <https://smallbusiness.house.gov/news/documentsingle.aspx?DocumentID=407101>

³Alignable: "Are Veteran-Owned Businesses Recovering Faster?" (Oct. 30, 2020) <https://www.alignable.com/forum/alignable-are-veteran-owned-businesses-recovering-faster>

⁴US Department of Treasury "Small Business and Entrepreneurship in the Post-COVID Expansion." https://home.treasury.gov/news/featured-stories/small-business-and-entrepreneurship-in-the-post-covid-expansion?utm_source=chatgpt.com

⁵These references all were utilized to support this statement:

ILSR – Local Multiplier 3 (LM3) Study

For the 68% local retention and 2.5x–4x multiplier of local (SDVOSB) purchases.

<https://ilsr.org/key-studies-why-local-matters/>

Civic Economics – Andersonville Study: <https://www.civiceconomics.com/andersonville.html>

USITC – USMCA Implementation Report: <https://www.usitc.gov/publications/332/pub4889.pdf>

Economic Policy Institute (EPI):

<https://www.epi.org/publication/china-trade-costs-us-jobs/>

Harvard Business Review or Brookings:

<https://hbr.org/2020/07/why-amazon-struggles-to-deliver-value-to-local-economies>

<https://www.brookings.edu/articles/how-much-does-amazon-really-pay-in-taxes/>

⁶Institute for Veterans and Military Families (IVMF), Syracuse University. "The Business Case for Investing in Veteran-Owned Businesses."

2017 https://ivmf.syracuse.edu/wp-content/uploads/2022/04/2021-National-Survey-of-Military-Affiliated-Entrepreneurs-Research-Report-FINAL.pdf?utm_source=chatgpt.com