

Getting Veterans Back to Business

Veteran's Small Business Resource Guide



U.S. Small Business Administration

SBA

America's Small Business Resource

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All SBA programs and services are offered to the public on a non-discriminatory basis.



Veterans Small Business Resource Guide

Small business ownership comes with many challenges, especially for members of the reserve components of the United States armed forces who often have to balance their civilian careers with their commitment to serve the nation. Although members of the Reserve and National Guard have managed these demands for decades, since the events of September 11th, 2001, the Soldiers, Sailors, Airmen, Marines, and Coast Guard personnel of the Reserve components have contended with more frequent deployments at home and abroad. This trend will likely continue.

This resource guide was developed by the Small Business Administration (SBA) for small business owners returning from an active tour as part of your reserve obligation. In the pages that follow, and on the accompanying compact disc, you can find the tools, planning resources and information needed to help reestablish your small business.

Returning to your business may be like starting over again. The considerations and decisions that you made when you first started your business need to be addressed upon your return, particularly if you decided to mothball or suspend operations. In most cases, your service to the nation came not only with a personal sacrifice, but a financial one as well. You may be facing considerable financial challenges as you attempt to restart business operations. There are a number of resources to help you through this period. You are not the only one that has faced this situation and experts are available to assist you in getting back up to speed.

A Short Note on Planning Ahead

The most important aspect of your Small Business Mobilization Plan is establishing a process for business readiness. Plan ahead to ensure that your business affairs are in order before an actual alert and mobilization. The time you devote developing an effective plan will provide the foundation, organization and security you'll need to fulfill your military Reserve duties and responsibilities with the least disruption — to you, your employees, and your customers and creditors.

Every Reservist who owns a small business should prepare a Small Business Mobilization Plan, keep it on file and update it annually. A properly written action plan is both a method of achieving the desired result and a measure of success. Remember to include absences for weekend drills, annual training or professional development and designate someone to implement the plan in the event you cannot do so.

Every person affected by your mobilization should understand the contribution you're making in the defense of our nation. Doing so will ensure your mobilization plan is successful.

Introduction

Considerations upon Your Return

Upon release from active duty, assess the benefits for which you qualify under the *Soldiers' and Sailors' Civil Relief Act of 1940*, in addition to your overall business situation and your personal issues. Knowing you are protected by a law that can save you legal problems, and possibly some money as well, will be of value as you reestablish your personal and professional lives.

Under the provisions of the *Soldiers' and Sailors' Civil Relief Act of 1940* (SSCRA), you may qualify for any or all of the following – reduced interest rate on mortgages payments, reduced interest on credit card debt, protection from eviction if your rent is \$1,200 or less, delay of all civil court actions, such as bankruptcy, foreclosure or divorce proceedings.

Although all service members receive some protections under the SSCRA, additional protections are available to Reservists called to active duty. One of the significant provisions under the act limits the amount of interest that may be collected on debts of persons in military service to 6 percent per year during the period of service. This provision applies to all debts incurred prior to the commencement of active duty, and includes interest on credit card debt, mortgages, car loans and other debts. The provision applies to pre-service debts and the interest rate reduction doesn't occur automatically—service members must request it. For a detailed explanation of the SSCRA and the provisions that protect you, contact your local Veterans Affairs specialist at 1-800-827-1000 or visit www.defenselink.mil/specials/Relief_Act_Revision/.

After you determine the provisions to which you are entitled under the SSCRA, it's time to consider the financial condition of your business. Just as when you decided to start your business, you must take diligence in determining whether and how to restart it. Business decisions are best made from an objective perspective rather than an emotional one. You must consider whether to reopen your business, close your business – if it has been operating in your absence, sell your business, or in some cases, declare bankruptcy.

Before deciding which option to pursue, meet with your financial advisor and discuss the financial condition of your business. If you don't have a financial adviser, now is a good time to hire one to evaluate the financial status of your business. If hiring a financial advisor or accountant is not an option, contact the Office of Veterans Business Development at 202-205-6773 or www.sba.gov/vets and seek assistance from a local Veterans Business Development Officer (VBDO). These locally-based SBA staff members are available to help you start, manage, and grow successful small business concerns, or in your instance restart your small business. Your local VBDO can assist you in determining the right decision to make, or he or she may refer you to one of SBA's resource partners for assistance in evaluating the financial condition of your small business or in determining the right decision to restart, close or sell your business. These resource partners are: **Veterans Business Outreach Centers**, www.sba.gov/vets/, **Small Business Development Centers** www.sba.gov/sbdc/, **SCORE** www.score.org or **Women's Business Centers** www.onlinewbc.gov/.

Remember, the decision to remain open, restart or close your business does not have to be made immediately and should be made with as much information as possible. A complete listing of SBA offices and resource partners is located on the accompanying CD-ROM. Following is a checklist that will help you reestablish your business. The **Getting Back to Business Checklist** is a step-by-step guide for restarting a business. Follow each section carefully and seek the assistance of a business professional (i.e., consultant, business coach, etc.) when you encounter problems. Remember, SBA has resources to assist you that are free or a nominal charge.

Getting Back to Business Checklist

| ✓ | Task | Point of Contact (POC) | Phone Number |
|---|--|------------------------|--------------|
| | Legal & Administrative Issues | | |
| | Notify your legal and financial advisers that you have returned home | | |
| | Reverse powers of attorney | | |
| | Review insurance status | | |
| | Reinstate and address the following: | | |
| | Warranties/Guarantees: product, service, contract | | |
| | Contracts and agreements: assignment, completion, non-compete, confidentiality, nondisclosure, franchise | | |
| | Contingent legal problems: litigation, disputes, judgments | | |
| | Strategic alliance agreements and obligations | | |
| | Labor union agreements | | |
| | Meet with employees to discuss future company objectives | | |
| | Perform a thorough review of your business and identify problem areas that have developed | | |
| | Review a list of assets and perform a physical inventory | | |
| | Taxes | | |
| | Notify IRS of your return | | |
| | Identify any unresolved tax issues | | |
| | Check IRS for updated tax information | | |
| | Meet with your CPA to organize your tax information | | |
| | Start filing your employer's reconciliation and return for state income tax withholding | | |
| | Other Financial Considerations | | |
| | Review the financial portions of your updated business plan (See Administrative Issues) | | |
| | Determine financial needs for restart | | |
| | Contact your lenders | | |
| | Inform and request assistance from vendors and creditors | | |
| | Loan deferral or interest rate restructuring as necessary | | |
| | Update listing in Dun and Bradstreet (check/review) | | |
| | Review credit report | | |
| | Review and update all signature authorities | | |
| | Review existing business plan, or create a business plan | | |

Getting Back to Business Checklist - continued

| ✓ | Task | Point of Contact (POC) | Phone Number |
|---|--|------------------------|--------------|
| | Healthcare Considerations | | |
| | Determine eligibility for military transitional healthcare | | |
| | Update your and your family's status in the Defense Enrollment Eligibility Reporting System (Deers) | | |
| | Review civilian policy and decide whether to reactivate or change/start coverage | | |
| | Change plans as appropriate and ensure proper enrollment disenrollment dates | | |
| | Explore veterans service organizations and small business association memberships for insurance plans | | |
| | Marketing | | |
| | Determine the needs of your current customers | | |
| | Reanalyze your company's competitive advantages in order to update your market strategy | | |
| | Determine the best way to satisfy your customers' needs in the current market | | |
| | List all current and prospective customers | | |
| | Summarize competitors' products | | |
| | Research your competitor's strengths and weaknesses | | |
| | Obtain copies of your competitors' annual reports | | |
| | Examine the strength of the current market | | |
| | Notify your customers that you are back in business | | |
| | Compose press releases for media outlets | | |
| | Contact nonprofit organizations, schools, and colleges | | |
| | Ask existing companies for referrals | | |
| | Develop a new marketing campaign and slogan to spark new interest in your business | | |
| | Have sales letters, flyers, and other important company information printed and ready to be disbursed | | |
| | Explore spotlighting your return with local media | | |
| | Obtain and compare annual reports of competitors for the financial condition of businesses, market share, and insight into future projects | | |
| | Conduct market research to determine current market strength for your business sector | | |
| | List business in CCR (Central Contractor Registration system) & Veterans Corporation Web page | | |

A lawyer can help you reinstate your liability insurance if you temporarily halted operation while you were serving. However, if you stopped your business insurance, you need to contact your insurance agent to discuss options for reinstatement.

From an administrative standpoint, it is important that you take the time to assess both internal and external work environments. Whether you provide a product or service, you should stay abreast of changes in the market, your customer base, vendors, workers, teaming partners, technology and other similar concerns. The best process is to refer to a business plan. This will provide a guide to follow in updating and assessing each of these situations, that is, if you have one in place.

It is, however, conceivable that you never wrote a business plan when you started your business. If this is the case, you will have to complete the assessment process without the help of a formal business plan. By now, you should have completed the assessment of the financial condition of the business, and you are ready to begin reviewing and evaluating your marketing and management plans to determine what if any changes need to be made. Look at your current marketing strategy and determine if it is still a good method for recapturing lost customers and attracting new ones. This may prove to be a difficult task without the business plan intact, but you need not feel alone in this process. The SBA has programs, services and resources to help you through this seemingly difficult time. Contact the Office of Veterans Business Development at 202-205-6773 for the telephone number and address of the Veterans Business Development Officer (VBDO) nearest you. Again, the local VBDO may request assistance from, Women's Business Centers, Veterans Business Outreach Centers, SCORE and the Small Business Development Center's to help you. And, while these resource organizations will not do the work for you, they will provide the expert guidance that you will need to get your business up and running again!

Also, remember that if your business continued to operate in your absence, there have probably been changes in the make-up of your employees — departments, promotions, etc. A natural tension occurs when management changes, as a result you should understand that your return is similar to this situation. Employees may be nervous about their positions and their futures. Be aware of this as you return to your business and resume your former role.

Meet with your employees to discuss operations of the company and discuss their vision for the future. This will help you determine not only the sentiment and morale of the company, but it also may provide insight into market changes that have occurred during your absence. Be sure to review personnel records and update as necessary. Do not feel obligated to pressure this time line, but do reassure employees that you will review their performance with the interim manager in the near future.

During initial meetings with management and employees, you should identify any problem areas that occurred during your time away and how they were resolved. As you know, in small business, many mistakes are repeated, and experience is your best teacher. Perhaps, the best advice that can be given to



a returning small business owner is to remember that the pace of military operations is very different from the pace of business. Don't get caught in a cycle of making decisions on the fly that may adversely affect the long-term success of your company.

Next, you will need to get a handle on the physical status of your business. A hands-on check of inventory, contract or grant awards and company papers, including balance sheets, cash flow, etc., will not only provide important information, but will also help in the transition of getting you "back to business." As you complete this work, be sure to identify those areas where you will need to improve, replace and increase inventory and make other related adjustments.

With these tasks complete, your business should be fully operational. Now is a good time to concentrate on writing a formal business plan if you don't have one or to update the existing business plan. It is also a good time to develop a Succession Plan if you don't already have one intact. If you do, now is a good time to update it.

For a complete guide on business planning or information on succession planning, visit our Web site at www.sba.gov/starting_business/.



Your accountant will be familiar with all of the steps that you should take regarding taxes upon your return. However, not every small business can afford an accountant, so here are some basic steps that should be followed to ensure you have met the federal, state and local tax notification requirements. When you return, it is essential to notify the IRS of your change in status. Contact information: by e-mail combatzone@irs.gov or by phone at 1-800-829-1040. The IRS has a dedicated toll free number for combat zone questions: 1-866-562-5227. Any income, property or other taxes that fell due during your period of active duty must be paid within six months of your return date to avoid penalties. There are exceptions to this, and you should always contact the IRS for the most up-to-date information. An important exception to tax deferral applies to National Guard personnel who served on active status under Title 32. Any non-Federal mobilization does not qualify for this deferral. IRS Publication 3, the Armed Forces' Tax Guide provides important information and is included in the accompanying CD-ROM. Additionally, you should note that your business is not exempt from any tax liability, including income you received from your business while you were deployed. Your combat pay was most likely exempted from taxes; however, your business income is not exempted. Further, if your business continued to operate in your absence, there is no extension, exclusion or any relief from the normal IRS filings, including income reporting requirements for your business.

If you mothballed or suspended operations during your absence, you will need to reinstate your income-reporting requirements. For many that is the quarterly Form 941. The IRS will help you with this and will identify the appropriate forms and reporting requirements.

Tax laws are constantly changing, so it is also important to make sure you and your company are up to date on the latest changes. This can be done by visiting the IRS Web site at www.irs.gov. The IRS also has a free CD-ROM exclusively for small businesses that contains all business tax forms, instructions, and publications needed to successfully manage a business. Refer to the accompanying CD-ROM for information on how to obtain these materials.

It is just as important to notify the state and local taxation offices of your return. Often these offices are not as well-equipped to automate the process, so this may take some time on the phone or in person. In many cases, you can reinstate the program that you had in place prior to your departure. You can find your state tax offices through your state government Web site or by going to: www.taxesites.com/state.html. Remember that unemployment taxes are not always handled by the same office. Each state operates its own unemployment compensation program that is funded largely by taxes on employers. These taxes are in addition to any federal unemployment tax you may owe. You will need to contact the appropriate authority for your state to establish or restart this program for your company. The following link to the Chamber of Commerce provides information for each state and points of contact: www.uschamber.com/sb/P07/P07_1294.asp.

Taxes

Financial Checklist

| ✓ | Item | Monthly Cost | Annual Cost | Action Taken |
|---|---------------------------------------|--------------|-------------|--------------|
| | Fixed Costs | | | |
| | Rent/Lease | | | |
| | Equipment/Furnishings Lease | | | |
| | Telephone (Basic Service) | | | |
| | Insurance | | | |
| | Professional Liability | | | |
| | Fire/Theft | | | |
| | Business Package | | | |
| | Disability | | | |
| | Employee Medical | | | |
| | Worker's Compensation | | | |
| | Key Management | | | |
| | Employee Uniforms | | | |
| | Salaries | | | |
| | Retirement Plan Contributions | | | |
| | Taxes | | | |
| | Payroll, Self - Employment, Sales | | | |
| | Property | | | |
| | Repairs/Maintenance | | | |
| | Debt Service | | | |
| | Association Dues | | | |
| | Professional Fees | | | |
| | TOTAL Fixed Costs | | | |
| | Variable Costs | | | |
| | Banking Fees | | | |
| | Telephone Answering Service | | | |
| | Telephone (Long Distance) | | | |
| | Cellular Telephone | | | |
| | Utilities | | | |
| | Gas and Electric | | | |
| | Water and Sewer | | | |
| | Garbage Collection | | | |
| | Internet Access | | | |
| | Office Supplies | | | |
| | Printing and Postage | | | |
| | Equipment Rental | | | |
| | Advertising/Marketing | | | |
| | Continuing Education | | | |
| | Total Variable Costs | | | |
| | Total Expenses | | | |
| | Total Reserve Cash for Restart | | | |

Before filling out applications for emergency loans, thoroughly assess your business situation. As part of updating your business plan, you should have reviewed the marketplace to determine just how much the environment has changed in your business sector. Financial assistance comes in many forms, and perhaps the most under-utilized, but most effective resources are those of counseling services. The SBA has a number of resources to help you, as well as local organizations, including the Chamber of Commerce, city and county small business resource offices and even some credit companies offer counseling services. Utilize these tools to help you through this process. Additionally, your elected officials have staff personnel who often have links to resources that can help you work through many of these issues.

In determining the costs for restarting your business, remember that many of your assets, like computers, may need to be updated. Just as when you started your business, you want to set yourself up for success. Evaluate all of your assets, inventory levels, supplies, etc. and develop a list of needs and associated costs. Also, you need to consider retraining issues. Particularly if the market has changed significantly since your mobilization (as in the IT sector), or your skills are perishable, you may need to attend some refresher training. The cost of this training needs to be considered as you evaluate your credit needs. On the opposite page is a chart to help you capture the various costs that you need to consider for your restart.

Hopefully you were able to set aside the recommended two months of operating capital prior to your mobilization for restart needs. This is a consideration that you will want to make for future mobilizations. As you re-engage with vendors and other creditors, remember that many of them will appreciate your service and will want to help. This help may come in the form of extended credit, lower interest rates and/or longer payment terms.

NOTE: An important point to remember is that any benefits you utilized as a result of The Soldiers' and Sailors' Civil Relief Act, including credit interest rate caps, expire at the end of your active-duty period. It is always a good practice to inform those companies of your return to protect these valuable rights and benefits for future armed service members. A guide to the SSCRA is in the accompanying CD-ROM and can also be accessed at www.army.mil/soldiers/jul2003/july%20pdfs/legal.pdf.

On the following page is an example letter for creditors requesting their assistance. A template form of this letter is in the accompanying CD-ROM.

Financial

Sample Creditor Letter

XYZ Company, LLC

111 Robin Lane
Anytown, MI 22222

October 31, 2003

ABC Credit Corporation
#5 Industrial Rd.
Birmingham, AL 11111

Dear Sir or Madam:

I am writing to inform you of my return from service to our country. From December 1, 2001 through October 3, 2003, I served with the U.S. Army in Operation Iraqi Freedom.

Now that I have returned, I am looking forward to reopening my business and continuing my relationship with your company. As you can imagine, restarting operations requires additional assets. Therefore, I am writing to request a credit line increase from \$10,000.00 to \$15,000.00 to assist in this process.

If your company offers any additional incentives for returning veteran small business owners, I would be interested in finding out more information. Thank you for your consideration

Sincerely,

Bob Soldier
Owner and President

Also ensure that you have contacted any other lenders, including banks, individuals, credit companies, etc., to inform them of your return and inquire about debt restructuring, as necessary. There are many nonprofit organizations that can assist with debt restructuring. You will want to research these before utilizing their services, as some programs may not benefit your situation, and always refer to the Better Business Bureau for performance reviews and recommended companies.

It is also important to update your company information in various data sources. Perhaps the most important of these is Dun and Bradstreet. A D&B® D-U-N-S® Number is a unique nine-digit sequence recognized as the universal standard for identifying and keeping track of over 70 million businesses worldwide. If you have not done so, you should register for your D-U-N-S number, and if you are registered, update your information. Other data sources include: federal, state and local Web resource sites where your business may monitor contracting opportunities, vendor Web sites and other e-commerce-related sites. It is important to change authorized users on these accounts, as well as all signature authorities, both with e-commerce and traditional brick-and-mortar businesses and entities, such as your bank.

Registration in the Central Contractor Registration system or CCR is equally as important as registering for a D-U-N-S Number. For any small business owner interested in doing business with the federal government, you must be registered in the CCR. The CCR is the primary database of the Department of Defense (DoD), NASA, Department of Transportation (DoT) and Department of Treasury. Both current and potential government

vendors are required to register in CCR to be awarded contracts with DoD, NASA, DoT and Treasury. Vendors are required to complete a one-time registration to provide basic information relevant to procurement and financial transactions. Vendors must update or renew their registrations annually to maintain an active status.

CCR validates the vendor's information and electronically shares the secure and encrypted data with the federal agencies' finance offices to facilitate paperless payments through electronic funds transfer. Additionally, CCR shares the data with several government offices. Registration does not, however, guarantee business with the government.

The PRO-Net database maintained by SBA has been integrated into the CCR, so small business owners interested in becoming part of PRO-Net must now register in CCR. Like the CCR, PRO-Net becomes the tool that federal agencies and prime contractors use to identify small businesses to engage as subcontractors, in addition to being a tool for marketing your small concern. To register go to www.ccr.gov and follow the prompts. You will need a D-U-N-S Number before you can register in CCR.

Another important issue that you should address immediately after resuming operation is identity theft. Identity theft is a growing concern throughout the United States and around the world. It is a good rule of thumb to periodically check not only your personal credit report, but your company report as well. This will assist you in assessing your current lines of credit and debts, as well as note any unusual activity that you may need to further investigate. If you suspect identity theft has occurred, contact the Federal Trade Commission site at www.consumer.gov/idtheft/.

SBA Financial Assistance

The SBA provides financial assistance to small businesses primarily through its Business Loan Programs, Disaster Loan Programs, Investment Programs, and Bonding for Contractors.

OVBD has developed a Web site to provide comprehensive information on all SBA programs and services available if and when you are called to active duty during a period of military conflict. The Web site, www.sba.gov/reservists, will provide you with specific information and access to SBA's district office based VBDOs, lending programs, including disaster assistance loans, and business counseling and training programs. Additionally, OVBD has available a 200+ page Veterans Resource Guide, which can be obtained by calling (202)205-6773.

Loan Programs

The SBA offers numerous loan programs to assist small businesses. It is important to note, however, that the SBA is primarily a guarantor of loans made by private and other institutions. The loan guaranty which SBA provides transfers the risk of borrower nonpayment, up to the amount of the guaranty, from the lender to SBA. Therefore, when a business applies for an SBA Loan, they are actually applying for a commercial loan, structured according to SBA requirements, which receives an SBA guaranty.

PROGRAM: Basic 7(a) Loan Guaranty

FUNCTION: Serves as the SBA's primary business loan program to help qualified small businesses obtain financing when they might not be eligible for business loans through normal lending channels. It is also the agency's most flexible business loan program, since financing under this program can be guaranteed for a variety of general business purposes. SBA offers multiple variations of the basic 7(a) loan program to accommodate targeted needs.

Loan proceeds can be used for most sound business purposes including working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction), leasehold improvements, and debt refinancing (under special conditions). Loan maturity is up to 10 years for working capital and generally up to 25 years for fixed assets. This program is delivered through commercial lending institutions.

WEB SITE: www.sba.gov/financing/sbaloan/7a.htm

PROGRAM: Certified Development Company (CDC), a 504 Loan Program

FUNCTION: Provides long-term, fixed-rate financing to small businesses to acquire fixed assets such as real estate, machinery and equipment for expansion or modernization. Typically a 504 project includes a loan secured from a private-sector lender with a senior lien covering up to 50% of the project cost, a loan secured from a CDC (funded by a 100 percent SBA-guaranteed debenture) with a junior lien covering up to 40 percent of the total cost, and a contribution of at least 10 percent equity from the borrower. The maximum SBA debenture generally is \$1 million (and up to \$1.3 million in some cases). This program is delivered through certified development companies (private, nonprofit corporations set up to contribute to the economic development of their communities or regions).

WEB SITE: www.sba.gov/financing/sbaloan/cdc504.html

PROGRAM: Microloan, a 7(m) Loan Program

FUNCTION: Provides short-term loans of up to \$35,000 to small businesses for working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and equipment. Proceeds cannot be used to pay existing debts or to purchase real estate. Under this program, SBA makes funds available to nonprofit community based lenders (intermediaries) which in turn make loans to eligible borrowers. These organizations also provide management and technical assistance. The microloan program is available in selected locations in most states. This program is delivered through specially designated intermediary lenders (nonprofit organizations with experience in lending and in technical assistance).

WEB SITE: www.sba.gov/financing/sbaloan/microloans.html

PROGRAM: Military Reservist Economic Injury Disaster Loan Program

The purpose of the Military Reservist Economic Injury Disaster Loan program (MREIDL) is to provide funds to eligible small businesses to meet its ordinary and necessary operating expenses that it could have met, but is unable to meet, because an essential employee was “called-up” to active duty in their role as a military reservist. These loans are intended only to provide the amount of working capital needed by a small business to pay its necessary obligations as they mature until operations return to normal after the essential employee is released from active military duty. The purpose of these loans is not to cover lost income or lost profits. MREIDL funds cannot be used to take the place of regular commercial debt, to refinance long-term debt or to expand the business.

Collateral Requirements: Loans of \$5,000 or less do not require collateral. Loans in excess of \$5,000 require the pledging of collateral to the extent that it is available. Normally the collateral would consist of a first or second mortgage on the business property. In addition, personal guaranties by the principals of the business are required. The SBA will not decline a loan solely for lack of collateral, but you must pledge available collateral.

Interest Rate: Interest rates are determined by formulas set by law and recalculated quarterly. The maximum interest rate for this program is 4%.

Loan Term: The law authorizes loan terms up to a maximum of 30 years. SBA determines the term of each loan in accordance with the borrower's ability to repay. Based on the financial circumstances of each borrower, SBA determines an appropriate installment payment amount, which in turn determines the actual term.

Loan Amount Limit - \$1,500,000: The actual amount of each loan, up to this maximum, is limited to the actual economic injury as calculated by SBA, not compensated by business interruption insurance or otherwise, and beyond the ability of the business and/or its owners to provide. If a business is a major source of employment, SBA has authority to waive the \$1,500,000 statutory limit.

Insurance Requirements: To protect each borrower and SBA, SBA requires borrowers to obtain and maintain appropriate insurance. Borrowers of all secured loans (economic injury loans over \$5,000) must purchase and maintain full hazard insurance for the life of the loan. Borrowers whose property is located in a special flood hazard area must also purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

WEB SITE: www.sba.gov/disaster_recov/loaninfo/militaryreservist.html

PROGRAM: Prequalification Loan Program

FUNCTION: The Prequalification loan program is a 7(a) loan with a different process. Potential borrowers use SBA designated intermediary organizations to assist in developing viable loan application packages for loans up to \$250,000. Unlike other SBA loan programs, the intermediary may submit an application to SBA before the borrower approaches a bank. If SBA decides the application is eligible and has sufficient credit merit to warrant approval, it may issue a commitment letter on behalf of the applicant. The commitment letter or pre-qualification letter, indicates SBA's willingness to guaranty a loan made by a lender under certain terms and conditions. The intermediary then helps the borrower locate a lender and he/she then takes the letter and its application document to a lender for a decision. This program is delivered through nonprofit intermediaries.

WEB SITE: www.sba.gov/financing/sbaloan/prequalification.html

Small Business Investment Company (SBIC) Program

SBICs, licensed by the SBA, are privately owned and managed investment firms. The SBICs are participants in a vital partnership between the government and the private sector economy. Utilizing their own capital and funds borrowed at favorable rates through the Federal Government, SBICs provide venture capital to small independent businesses both new and already established. All SBICs are profit-motivated businesses. A major incentive for SBICs to invest in small businesses is the chance to share in the success of the small business if it grows and prospers.

WEB SITE: www.sba.gov/financing/capital/equity.html

Bonding Programs

The Surety Bond Guarantee (SBG) Program provides small and minority contractors with contracting opportunities for which they would not otherwise bid. SBA can guarantee bonds for contracts up to \$2.0 million, covering bid, performance and payment bonds for small and emerging contractors who cannot obtain surety bonds through regular commercial channels. SBA's guarantee gives sureties an incentive to provide bonding for eligible contractors, and thereby strengthens a contractor's ability to obtain bonding and greater access to contracting opportunities.

WEB SITE: www.sba.gov/financing/bonds/whatis.html

Healthcare Considerations

As part of your transition back from active duty, you will need to consider reactivating or reassessing your healthcare coverage. This section is really focused on those who suspended or mothballed business during mobilization. If operations continued, healthcare coverage review should be for yourself and your family, but it is always a good idea to reevaluate your company plans.

If not before, you are now a veteran in terms of many available benefits. As part of your overall evaluation of your health benefits and coverages, you may want to consider the variety of health benefits and plan programs that are available through veterans' organizations and small business associations.

Most likely your mobilization included enrollment in the military healthcare system, and now you will need to return to your preferred civilian coverage or maintain both coverages for a short period. There are some important considerations to be made during this period.

First, military health benefits for you and your family will continue through a transition period, based upon your length of mobilization and your total amount of active service. The exception to this involves injuries/illnesses and/or conditions developed while you were on active duty. Be sure to consult your benefits counselor and assistance coordinator, as you will want to take advantage of continuing care through the military and/or U.S. Department of Veterans Affairs facilities. More information on TRICARE is available at www.tricare.osd.mil or at 1-888-363-2273. Be sure to register all conditions you have as you out-process. It is also important to maintain a copy of your medical records. This can reduce processing times for new coverage and serve as an historical record from your service. The transitional period for your healthcare coverage is as follows: 30 days of coverage if you were mobilized in support of a contingency operation and released on or before Dec. 31, 2001; 60 days of coverage if you were mobilized for more than 30 days and released on or after Jan. 1, 2002 and you have served a total of less than six years of active service; and 120 days of coverage if you were mobilized for more than 30 days and released on or after 1 January 2002 and you have served a total of 6 or more years of active service. Your family is also eligible for coverage. Your benefits are through the Military Healthcare System, including space-available and TRICARE. However, in order to receive any benefits, you must ensure that your and your family's information and status is up to date in the Defense Enrollment Eligibility Reporting System. In many cases, you are required to enroll in the TRICARE system after you are demobilized. A common mistake is assuming that you are automatically enrolled. Consult the accompanying CD-ROM for more information regarding transitional healthcare benefits and how to enroll.

Second, remember that your military healthcare benefits are transitional and you will need to make arrangements to continue civilian healthcare coverage or start new coverage. It might be a good idea to utilize the transitional military coverage while you evaluate your current plan and/or the options for other coverage. Also remember that TRICARE is always a second payer to your insurance policy. You will need to submit the appropriate documentation to TRICARE for out-of-pocket expenses not covered by your primary provider. This information, as well as information regarding transitional dental coverage is in the accompanying CD-ROM. For more information on family benefits, refer to the Guide to Reserve Family Member Benefits at: www.defenselink.mil/ra/documents/family/benefits.pdf.

When you restart your business, spend some time and money on marketing. Conduct research to assess the current state of the marketplace. This can be a seemingly daunting task for a sole proprietor, but remember the research that you need to conduct will most likely be far less extensive than that of a large company. Your research into the marketplace may include a walk into some competitors' stores; searching for related articles on the Internet; and talking to local business assistance offices, including Chambers of Commerce. You need to determine if your product and/or service still has strength in the marketplace. Talk to your customers, pay attention to your competitors' advertising, and most importantly, keep up with trends through marketing and advertising publications.

The next step is to re-evaluate your customers. Ask yourself the following questions:

- Is the company doing all it can to be customer-oriented?
- Do employees ensure customers are satisfied and leave wanting to come back?
- Is it easy for customers to find what they want at a competitive price?

Identify your current and potential customers. Query them to find out if something has changed. Then you can determine possibilities for new products, or discover problem areas with your customer base. Remember communications with your customers during this period also serve a PR purpose. Identify the way your customers have heard about your company. This will enable your company to focus its marketing efforts more efficiently. To get your name out again within the business community, it is a good idea to send a letter to your customers stating that you are open for business. You will find a template letter on the accompanying CD-ROM to give you an idea of where to start.

Another way you can get your name out is to develop press releases to distribute to local media. Be sure to describe your business in terms of how it can help the prospect and point out what makes you stand apart from your competitors. A template and a mock press release have also been included in the accompanying CD-ROM for your reference. Remember, this release serves two functions; it informs people of your return as well as appeal to those who might prefer to conduct business with a veteran.

Next, continue your outreach to potential new customers. Contact what might seem unlikely business partners or customers, like non-profits or universities. These organizations may be interested in either utilizing your services/products, or inviting you to speak on your experiences. In either case, the benefits can be substantial and can increase your exposure. This may also be the case with hometown media. Local television and radio stations often interview returning service members, and what better place to conduct an interview than in your office or in front of your business.

Marketing & PR

You may also consider joining a local Chamber of Commerce or other business organization and utilizing member benefits to help restart your business.

Sample Press Release

FOR IMMEDIATE RELEASE:

XYZ Company Returns to Business

After a brief hiatus, XYZ Company has reopened with an exciting new product line of wireless technology to assist businesses with growing IT needs.

Reston, TX, October 8, 2003 - Bob Soldier, owner and president of the XYZ Company who recently returned home after serving one year with the U. S. Army in Iraq, announced Monday that his company was again open for business. Along with re-opening, XYZ Company has developed a unique dual-band PC networking card that will enable companies to operate more smoothly under the current wireless standard.

Unlike its major competitors, XYZ Company has created a dual band pc card that reduces the amount of interruptions while providing fast and efficient service to the network. In the past, wireless pc cards have been unreliable and incapable of handling a high volume of network traffic. "XYZ's dual band pc card is the first of its kind. It has been essential in our everyday operations because it provides our staff with complete connectivity and compatibility", said GI Joe, President of MLA Technologies.

"We are extremely excited about reopening with this new product line. The industry has needed a solution to the antiquated PC cards developed in the early 90's. Our dual-band PC card will allow both home and business customers the flexibility to be connected at the fastest wireless speeds possible where our technology is available. It will lead to a number of opportunities for businesses to increase their productivity. Its great to be back in business.", commented Soldier.

Backed up by a five-year warranty and 24 hour service, XYZ's new pc card is currently available online through the company's Web site, as well as through IT retailers, catalogues, and e-commerce sites.

About XYZ Company:

Situated in the hill country in Reston, Texas, XYZ Company was found in 1987, by Bob Soldier in order to meet the growing IT needs for corporate businesses. Over the past 15 years, XYZ Company has produced a number of IT products that are easy to use as well as reliable, ensuring satisfaction from their clients. XYZ products can only be found in the United States, but the company is currently working on a marketing plan for Asia. XYZ Company was recently added to Tech Magazine as being one of the top 100 fastest-growing companies. For more information regarding XYZ Company and its services, please visit the company Web site at www.xyzcompany.net.

For more information contact:

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Fax:555-555-6651

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XYZ Representative
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Fax: 555-555-6651

We have added this section as a quick reference to those sites that are referenced in the guide, as well as additional sites that provide important information. Much of this material was used in the development of this guide. In every case, your best starting point is probably the SBA's Office of Veteran's Business Development site that is dedicated to this issue: www.sba.gov/reservists.

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

Veterans Business Outreach Centers

www.vboc.org

www.coserve.org/vboc

General Help for Reservists

www.sba.gov/sbdc/mission.html

www.dol.gov/vets/

www.gulfweb.org/org_show.cfm?ID=5

www.nasdva.com/

www.esgr.org

Marketing

www.sba.gov/starting_business/marketing/basics.html

Business Start-up Advisor

www.business.gov/startup

Demobilization Planner

www.defenselink.mil/ra/mobil/pdf/sections.pdf

Taxes

www.irs.gov

www.taxsites.com/state.html

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

Financial Assistance

www.sba.gov/VETS/lending.html

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

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

www.sba.gov/disaster/mreidlall.html

Legal Assistance

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| www.jagcnet3.army.mil/legal |
| biz.findlaw.com |
| www.abanet.org/legalservices/helpreservists/openduringlamp.html |
| leav-www.army.mil/osja/la/sscra.pdf |

Healthcare

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| www.tricare.osd.mil/reserve |
| www.dol.gov/ebsa/faqs/faq_911_2.html |

Reserve Associations

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| Fleet Reserve Association | www.fra.org |
| Marine Corps Reserve Officers Association | www.mcroa.com |
| National Guard Association of the United States | www.ngaus.org |
| National Military Family Association | www.nmfa.org |
| Naval Reserve Association | www.navy-reserve.org |
| Naval Reserve Enlisted Association | www.nera.org |
| Reserve Officers Association | www.roa.org |
| The Military Officers Association of America | www.moaa.org |
| The Retired Enlisted Association | www.trea.org |

Assistance from Service and Other Organizations

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| Army Emergency Relief | www.aerhq.org |
| Navy-Marine Corp Relief Society | www.nmcers.org |
| Air Force Aid Society | www.afas.org |
| Coast Guard Aid Society | www.cgmahq.org |
| National Veterans Business Development Corporation | www.veteranscorp.org |
| Red Cross | www.redcross.org |
| Servicemembers Opportunity Colleges | www.soc.aascu.org |

Other Federal Government Links

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| Department of Labor (reemployment issues) | www.dol.gov/elaws/userra0.htm |
| Department of Labor (veterans' preference) | www.dol.gov/elaws/vets/vetpref/choice.htm |
| Department of Veterans Affairs | www.va.gov |
| Internal Revenue Service (IRS) | www.irs.gov |
| Office of Personnel Management | www.opm.gov/veterans/index.asp |
| Servicemembers' Group Life Insurance | www.insurance.va.gov/sgliSite/default.htm |
| Thrift Savings Plan | www.tsp.gov/index.html |

**Reference material and sample documents
are included on the CD below.**





Getting Veterans Back to Business

Distributed by
U.S. Small Business Administration
www.sba.gov/reservists
1-800-U ASK SBA