



State of Illinois
Department of Central Management Services

Veterans Business Program

*For Service Disabled Veteran-Owned and
Veteran-Owned Small Businesses*



Bruce Rauner, Governor

Michael Hoffman, Acting Director, Central Management Services



March 1, 2016

To the Honorable Bruce Rauner, Governor, and

The Honorable Members of the Illinois General Assembly

Subject: **SERVICE DISABLED VETERAN-OWNED AND VETERAN-OWNED SMALL BUSINESS PROGRAM ANNUAL REPORT.**

Greetings,

Pursuant to Public Act 097-260 (30ILCS 500/45-57(b)), the Department of Central Management Services (CMS), submits the FY 2015 Annual Report for Service Disabled Veteran-Owned Small Businesses (SDVOSB) and Veteran-Owned Small Businesses (VOSB). CMS is committed to fostering economic opportunities for Illinois' military veterans by ensuring access and participation within all State procurements. CMS administers the Veterans Business Program (VBP) through its Business Enterprise Program (BEP), with the Illinois Department of Veteran Affairs (IDVA) providing an outreach component for VBP.

CMS oversees certification eligibility of SDVOSB/VOSB firms and identifies their utilization in State contracts. BEP works in conjunction with the State's Chief Procurement Officers (CPO), in carrying out strategic marketing plans which encourage veteran vendors to participate within the State's procurement process. These efforts have included statewide recruitment and outreach events conducted in partnership with these offices and IDVA, with support from the Illinois Department of Transportation (IDOT), Illinois State Toll Highway Authority (ISTHA) and the Capital Development Board (CDB).

CMS also utilizes added business resources with federal and state agencies such as the Small Business Administration (SBA), the Illinois Procurement Technical Assistant Centers (PTAC), Small Business Development Centers (SBDC), and numerous Chambers of Commerce across our state. In FY15, CMS added the Chicago Veteran Business Outreach Center (VBOC), to our veteran support network. The Chicago VBOC chapter is designed to provide a host of entrepreneurial development services for eligible veterans owning or considering starting a small business.

In utilizing these business resources, CMS ensured comprehensive business tools were made available to VBP companies to assist them to succeed in competing for procurements within the mainstream of their industries.

CMS also participated in the CPO Veteran Public Forum held on July 22, 2015. In this forum, various CPOs and agencies highlighted their respective program efforts to increase Veteran business amongst all agencies under the Governor. Veteran businesses also provided

suggestions of improvements to the program pertaining to VBP goal setting, certification eligibility requirements and procurement considerations.

OUTREACH ACHIEVEMENTS

CMS has also participated in numerous business outreach events across the state. During FY15, CMS presented key information in how to do business with the State at 68 events throughout Illinois. Our veteran business program was also asked to be a guest presenter on a local radio broadcast to highlight the program.

CMS conducted training workshops in assisting entrepreneurs in both completing certification requirements and navigating the State's procurement processes. Specifically, 9 of our FY15 outreach events provided useful information designed for reaching only targeted veteran audiences.

CERTIFICATION ACHIEVEMENTS

During FY15, CMS certified a total of **141 VBP vendors**, with **59 identified as SDVOSB** and **82 identified VOSB**. This represents an increase in total VBP participants by **24.7%** from FY14 levels of 113 vendors.

CMS also took steps to reduce undue burden on veteran firms currently certified in the program. We increased certification periods from three to five years, allowing participants longer eligibility periods and eliminated unnecessary paperwork. This certification term increase now allows firms to focus their attention on competing for business opposed to certification requirements.

CMS also initiated efforts to last year to research best practices across the nation. Our review of national veteran programs was focused on available information across 50 states to determine established set asides, legislation or bid preferences benefitting veteran owned businesses. CMS research findings determined that to date:

- 50% of states have established some format of Veteran set asides or preference programs targeting veteran entrepreneurs.
- 7 states have established 3% goals or greater for spending with SDVOSBs and/or VOSBs.
- 13 states offered some type of preferences to SDVOBS/VOBs in procuring state contracts.
- 4 states did not have specific veteran programs but included veterans in their small, and/or minority business programs.
- 1 state had pending VBP legislation for program implementation.
- 25 states had no VBP programs or initiatives.

In those states which best compared to Illinois' goal oriented program, it was evident that such states were being challenged in both meeting established VBP goals and/or recruiting veteran owned firms into their programs.

Additionally, the National Veteran Owned Business Association (NAVOBA) recently conducted a survey of veteran entrepreneurs across the country. The survey identified a number of reasons associated with veteran owned businesses that were not actively promoting their own company. The varied reasons noted from respondents nationally were:

- 56% didn't want their company to be viewed as an entitlement.

- 26% have been out of the military for so long that I don't really associate with being a veteran that much anymore.

- 4% indicated they were afraid people will perceive their business acumen or value as weak.

- 4% don't want to be associated with the federal contracting world.

BEP will take into account this survey information as we structure our future outreaching efforts.

VETERAN BUSINESS CONTRACTING ACHIEVEMENTS

For FY15, CMS developed reporting procedures for all agencies and universities to identify all SDVOSB and VOSB firms participating in State contracts as both prime contractors and subcontractors. CMS report data determined the following VBP contracting information:

- Total VBP bids for contracts as either prime or subcontracts = 118
- VBP contracts awarded as either prime or subcontractors = 77.
- Total value of contracts awarded = \$27,745,035 or 1.70% of contract dollars subject to VBP goal.

The FY15 contract awards reflect an 8.21% increase over FY14 VBP contracting achievements.

FY15 REVIEW AND RECOMMENDATIONS

Each year, CMS reviews the Program recommendations made by Chief Procurement Officers and statewide veterans' service organizations and from the business community. The following recommendations have been presented to CMS, categorized as general VBP comments addressing outreach, certification and contract opportunities.

- Determine the foundational number of potential VOSB and SDVOSB businesses in Illinois.

- Increase the frequency and coordination of outreach efforts.

- Streamline the certification process.

- Develop a procurement road map for Veterans.
- Evaluate and forecast contract opportunities
- Retain the 3% goal for FY16.

CMS will be reviewing ways in which to implement a number of recommendations outlined above during FY16.

We remain steadfast and committed to the continued improvement of our Veteran Business Program. CMS will focus an aggressive campaign during FY16 to increase VBP goal setting measures on available contracts; increasing outreach efforts and workshops; streamlining our certification process; and, continue to encourage qualified, prospective Veteran vendors to do business with the State.

Respectfully,

A handwritten signature in black ink, appearing to read 'M. M. Hoffman', with a long, sweeping horizontal line extending to the right.

Michael M. Hoffman
Acting Director



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