

July 2022

MISSION ACCOMPLISHED -- SELLING YOUR BUSINESS



If your company is your baby, just remember, one day you will probably need to sell that baby. So it's important to start with the end in mind -- get prepared for "Mission Accomplished" -- the successful hand off and sale of your SDVOSB.

The good news is that the market remains strong for government contracting companies. A number of investors are backing veterans looking at companies in the Federal space. If your SDVOSB has strong recurring revenues, healthy backlog, disciplined management, and "customer intimacy" with federal agency customers, you're a potential target for today's buyers.

The other piece of good news is that valuations have remained fairly strong. In other words, the total transaction value of SDVOSB companies is holding steady or climbing, although buyers are getting skittish about cash at close and are negotiating a little harder on that

number – a result of worries about the economy.

So how do you know the best time to sell and have that "Mission Accomplished" party?

Well first, it's important to know when NOT to sell. One of the biggest mistakes a veteran can make is to try and sell their SDVOSB business when things are not going well. I often talk to veterans who explain they want to sell because they're burnt out. For example, the probability of a win on a big contract recompetes does not look promising, or their pipeline is weak, they're tired of HR headaches, or they're approaching their North American Industry Classification (NAIC) code five-year average revenue limit.

That is a recipe for a failed mission. That is NOT the time to sell.

A prospective buyer never wants to step into your problems. A young veteran or a strategic buyer that wants you as a bolt-on are paying for the value your company today, but they only stroke a check when they know there will be value years down the road. It might seem counter-intuitive, but the time to transfer your SDVOSB is when you feel comfortable with the state of your business, when everything is going well and you're having fun. That's the best time to sell.

Surveys show that very few business owners actually know these basics. But just because you yourself are not an M&A professional or a graduate of Harvard Business School you can and you should educate yourself. Webinars, books, and articles abound with advice about selling your company. NVSBC usually has sessions at our annual conference on this topic. Just remember that selling an SDVOSB is different from selling a commercial company and there are significant restrictions about transfer – restrictions that absolutely can be dealt with if you're smart about it.

Selling Your Business Cont'

Your job as owner and chief strategist is to make the right call – and it's a big decision -- the decision about when to sell. If you do it right you'll think about two things: the right time in terms of your company's valuation, and the right time for you and your family.

That decision is not an easy one. Selling your company is a highly emotional process. It's not done easily and deals involving SDVOSBs generally take months. Make sure you're selling at a time that your company is doing well and you will get a good price for all those years of hard work.

"Mission Accomplished" can feel great – and allow you to lift off to other pursuits in life. Like helping other veterans grow their businesses as a volunteer NVSBC coach and mentor! Get the facts and stay informed about the state of SDVOSB M&A and when the time comes, you'll know it.

Nancy Langer
NVSBC Board of Directors
President, [sbLiftOff](#)

VOSB SDVOSB Certification

The U.S. Small Business Administration is seeking public comments on a proposed rule to establish a certification program for Veteran-Owned and Service-Disabled Veteran-Owned Small Businesses.

Learn more and submit comments by **August 5th, 2022**: [Federal Register :: Veteran-Owned Small Business and Service-Disabled, Veteran-Owned Small Business-Certification](#).

Note: You may submit comments by any of the following methods:

1. Federal eRulemaking Portal: <https://www.regulations.gov>. Follow the instructions for submitting comments.
2. For Mail, Paper, Disk, or CD-ROM Submissions: Timothy Green, U.S. Small Business Administration, Office of Veterans Business Development, 409 Third Street SW, 5th Floor, Washington, DC 20416.
3. Hand Delivery/Courier: Timothy Green, U.S. Small Business Administration, Office of Veterans Business Development, 409 Third Street SW, 5th Floor, Washington, DC 20416.

Veterans Business Outreach Centers

sba.gov/vboc



U.S. Small Business
Administration

New Member Profile



CLARITYMINDED
CONSULTING

Name of business: ClarityMinded Consulting, Inc.

Type of business: Software Engineering and Agile Project Management, coaching and training

Year Established: 2015

Location(s): Florida, remote to all US States

Website: <https://www.clarityminded.com>

Name of Business Owner: Chuck Ludwigsen / Michelle Hurtley

Military Branch/Years Served: Chuck: Army-Served 6 years (3 active, 3 reserve)/

Michelle-Air Force- 2 years

Occupation in Military:

Chuck: US Army, Paratrooper.. 31V20P "Tactical Communications Systems Operator/Mechanic Supervisor".

Michelle: "Communications Computer Systems Operator/Supervisor" 491X1 (I was a very young 5-level shift supervisor 49151)

What motivated you to start your own business?

ClarityMinded Consulting, Inc. began from the founders having worked together over 20 years but for multiple different companies. We realized we are best as a team and we bring a clear advantage when together versus separately. ClarityMinded formed from the notion that our team brings (Clarity) clear, best of breed solutions and Agile approaches to any project we take on, while placing the needs and investment of our client at the center of our focus (Minded).



What has been your biggest challenge(s) in the Federal marketplace and how did you overcome them?

ClarityMinded has established a strong relationship with several Joint and Air Force organizations to improve their product development experience through Agile transformation and DevSecOps engineering. Our greatest difficulty has been growing that list of relationships to entities whose contracts are facilitated under GSA.



What advice would you give to other veteran small business owners?

Our advice to other veteran small businesses would be to focus your company development and organizational structure, policies, procedures, security approach, standard, etcetera from the perspective of being an organization of much greater size. The policies, procedures and compliance standards you will need to succeed within government contracting channels can be daunting, but there are sources in our professional community that can help you build this foundation before you grow.

Calendar of Events - NVSBC



JULY SCHEDULE

July 12, Session 1: How to do Business with Air Force District of Washington (AFDW)

July 19, Session 15: Winning the Talent War for Small Business

July 26, Session 16: Top Ten Tips About Protests: Fighting for and Keeping the Contracts You Deserve

[Sign up today!](#)



[Register Here](#)

1st ANNUAL NVSBC VETERAN GOVCON AWARDS GALA

Tuesday 13 September 2022

[Register Here](#)

1ST ANNUAL NVSBC Veteran Govcon Awards Gala

September 13, 2022

5:30–6:30 PM: Rooftop Terrace Reception, 6:30–8:30 PM: Dinner & Awards Ceremony
Army Navy Country Club, Arlington, Virginia



VETERAN CHAMPION SPONSOR

\$25,000

COMPANY LOGO:

- Onscreen throughout event
- On signage & collateral throughout event space (registration, reception & dinner)
- Half page in printed program
- Highlighted in social media posts, webpage, and event notices
- In email to 43K+ SD/VOSB firms

EVENT RECOGNITION:

- Introduced as **Veteran Champion Sponsor** during reception & dinner events

OTHER RECOGNITION:

- Recognized as **Veteran Champion Sponsor** in multiple NVSBC publications

INCLUDES:

- **5 tickets** to cocktail reception and seated dinner
- **4 tickets** to Private Green Room cocktails

EVENT SPONSOR

\$10,000

COMPANY LOGO:

- On signage & collateral throughout event space (reception & dinner)
- Quarter page in printed program
- Highlighted in social media posts, webpage, and event notices
- On sponsors slide in presentation

EVENT RECOGNITION:

- Introduced as **Event Sponsor** during dinner event

OTHER RECOGNITION:

- Recognized as **Event Sponsor** in multiple NVSBC publications

INCLUDES:

- **5 tickets** to cocktail reception and seated dinner
- **2 tickets** to Private Green Room cocktails

TABLE SPONSOR

\$5,000

COMPANY LOGO:

- On signage (reception & dinner)
- Quarter page in printed program
- Highlighted in social media posts, webpage, and event notices
- On sponsors slide in presentation

EVENT RECOGNITION:

- Introduced as **Table Sponsor** during dinner event

OTHER RECOGNITION:

- Recognized as **Sponsor** in multiple NVSBC publications

INCLUDES:

- **5 tickets** to cocktail reception and seated dinner

TICKETS: Individual: \$95, Government employees: \$65

For more information on sponsorships and to purchase tickets scan here



SBA Issues Certification Rules for Its VetBiz Takeover

We've known for some time that the Small Business Administration ("SBA") will take over the certification process from the VA's Center for Verification and Evaluation ("CVE") in January of next year. Until now, however, the details have been scant, save for a few relating to how those firms previously verified will maintain their verification through the ends of their terms and how self-certified firms in SAM.gov will have the benefit of a grace period.

Finally, on July 6, the SBA issued a proposed rule on the friendly takeover. Key points are as follows:

- The SBA is establishing a Veterans Certification Program to handle the required certifications for SDVOSBs and VOSBs. The SBA will house the Veterans Certification Program rules at 13 C.F.R. Part 128. (The CVE's rules were previously at 38 C.F.R. Part 74).
- The SBA will grant reciprocity to 8(A) and WOSB Program participants that are owned by veterans or service-disabled veterans. This means that if a firm qualifies as an 8(A) or WOSB and the qualifying individual is also a veteran, the firm will be considered a VOSB or SDVOSB, as applicable. This makes perfect sense considering the eligibility requirements are substantively identical across these programs.
- The proposed rule confirms that firms already certified with the VA's CVE program will continue to be certified for the remainder of their three-year term.
- The SBA has adopted procedures similar to those used by the VA for application guidelines, rules on continuing eligibility, program examination (i.e., site visits), and program exit procedures (to include cancellations).
- The rule appears to do away with the post-review findings ("PRF") program, which allowed applicants to correct identified issues following the CVE's initial examination. Instead, it establishes a process for reconsideration and imposes a 90-day wait period for re-application after denial. The SBA is specifically seeking comments on this process, and ***as it has the possibility to affect you*** (and you may have input based on your own experience with the VA's request for reconsideration or PRF processes), don't be shy about chiming in. For example, an application may have lacked clarity or necessary information, so during this process, a firm must be allowed to "get it right" by providing new evidence bearing on eligibility.

Considering how long we've waited for this rule, the SBA is providing a relatively short time period for comments. These are due by August 5th and can be emailed to Timothy Green of the SBA's Office of Veterans Business Development at timothy.green@sba.gov. Access the rule [here](#).

SBA OHA Decision Contains Multiple Lessons for Joint Ventures

When you compete for awards as a joint venture (“JV”), you have to know the rules. If not, you can find yourself dead in the water when someone protests your size eligibility. One joint venture recently learned this the hard way. See *Size Appeal of The Onyx-Urban Collaborative Joint Venture*, SBA No. SIZ 6157 (2022).

This Small Business Administration Office of Hearings and Appeals (“SBA OHA”) decision began when the contracting officer (“CO”) for an award filed a protest challenging a JV’s size. The CO observed that the JV had been awarded its first federal prime contract on August 22, 2016. SBA regulations currently indicate that “SBA will find joint venture partners to be affiliated, and thus will aggregate their receipts and/or employees in determining the size of the joint venture for all small business programs, where the joint venture submits an offer after two years from the date of the first award.” (13 C.F.R. § 121.103(h).) Here, the JV submitted a proposal for the instant procurement on February 16, 2021, more than two years after August 22, 2016. The CO therefore requested that the Area Office examine whether the JV would qualify as small under the \$8 million size standard once the receipts of the JV’s participants were combined.

After the JV responded to the protest, the Area Office instructed that, because it had self-certified for the procurement at issue in 2021, it was required to provide its tax returns for the year 2020. The joint venture refused to provide the taxes, alleging that its interpretation of 13 C.F.R. § 121.104(a) supported the use of 2015-2019 tax returns. It alleged that because the SBA requires tax returns for the last three or five completed fiscal years, and the firm’s 2020 financial documents were not completed until well after the self-certification date, it was not required to provide them. Unmoved by this argument, the Area Office drew an adverse inference, stating that information for 2020 was required to be provided for purposes of determining size. While the actual tax return was not yet available, SBA regulations also provide that an area office will consider “other available information.” The SBA OHA affirmed the decision on appeal.

This decision is illustrative of three important principles:

- *First*, if you are protested and information is requested, provide it. If not, you will be subject to an adverse inference and may lose your award based on a technicality. (It is unclear if this is what has happened here; however, it is interesting that such a fight was put up against disclosing the most recent tax year for consideration).
- *Second*, this provides clarity on the applicability of the new joint venture rule on joint ventures that pre-existed November 2020, which is the date the SBA did away with its “three-in-two” rule (deeming joint ventures affiliated if they received more than three awards in a two-year period). This joint venture was formed in 2016, and the SBA applied the new rule that the members of the joint venture would not be deemed affiliated for the two-year period following the first award.
- *Third*, if you are a partner to a joint venture, don’t bid on a new opportunity more than two years after the date of your first award. If you do, you will be deemed affiliated with your joint venture partner, and, if your combined size is “other than small,” you will be ineligible for a set-aside award. Here, the JV had violated the affiliation rules for joint ventures because it continued to bid on opportunities well after the end of its two-year term, resulting in the CO’s protest of its size.

Legal decisions are often dry to read, but they can also be helpful. Access this one [here](#).

Could the VA's Pathfinder Website Lead to Your Next Opportunity?

The Department of Veterans Affairs ("VA") has a new digital one-stop shop for contractors looking to work with the agency. Michael Parrish, chief acquisition officer and principal executive director at VA, said the new Pathfinder site will help vendors that haven't worked with VA before get certified through SAM.gov. The site will also pre-filter to show only VA-specific solicitations.

Upon entry, one is given the choice of choosing between two options: expressing interest in selling to the VA, or innovating with the VA. If one chooses the former, you are asked to identify as a "veteran-owned small business," "other small business," and "not a small business." Based on what you choose, the next page includes a number of resources and options, such as learning more about *Kingdomware's* "Rule of Two" and meeting your small business liaison. The last option you may choose ("find opportunities") leads you to resources for bidding, exploring forecasted opportunities, and submitting your product/service as part of the VA's ongoing market research.

Parrish said, in addition to pre-filtering SAM.gov to make it easier to find VA solicitations, there are other quality of life upgrades that will go into what he termed the "next generation" of the Pathfinder site. For example, he said the site will eventually include future forecasting, so vendors can be better informed about what's coming down the line. It will also include a feature where vendors can submit questions and get answers from a VA employee within seven days.

While the Pathfinder website may be geared more for contractors getting into the federal market game, there is opportunity for growth in knowledge for even the most seasoned contractor. See if it can help you by accessing it [here](#).

Boots to Business: Reboot



U.S. Small Business
Administration



DETROIT, MI NAVY WEEK

DON OSBP SMALL BUSINESS WORKSHOP

July 14, 2022 | 9 - 11 AM (EDT)
Schoolcraft College // 18600 Haggerty Road // Livonia, MI 48152



5th Annual Service-Disabled
Veteran-Owned Small Business
Vendor Outreach and Matchmaking
Wednesday, July 13, 2022

[Register Today](#)

Capital Development
Association (CBDA) Dinner
and Networking Meeting
Thursday, August 4, 2022

[Register Today](#)



2022 **NAVY**
GOLD COAST

Thriving as a Department of the Navy Small
Business in a **World of Global Challenges**

September 6 - 8
San Diego Convention Center



[Register Now](#)