



Proving Veteran Business Owners Have Necessary Managerial Experience

Issue:

This brief explains the verification requirement that Veteran business owners possess the necessary managerial experience to the extent and complexity needed to run the applicant.

(For purposes of this brief, Veteran applies equally to Service-Disabled Veterans; applicant refers to the business entity applying for verification; and participant refers to a business entity that has already been verified.)

The Regulation:

38 CFR § 74.4(b) provides that "...[a]n applicant or participant's management and daily business operations must be conducted by one or more veterans or service-disabled veterans. Individuals managing the concern must have managerial experience of the extent and complexity needed to run the concern. A veteran need not have the technical expertise or possess a required license to be found to control an applicant or participant if he or she can demonstrate that he or she has ultimate managerial and supervisory control over those who possess the required licenses or technical expertise. However, where a critical license is held by a non-veteran having an equity interest in the applicant or participant firm, the non-veteran may be found to control the firm."

What This Means:

The Center for Verification and Evaluation (CVE) determines whether a Veteran meets the necessary managerial experience requirement by evaluating the résumés of the Veteran business owner(s) and any letters of explanation.

In evaluating managerial experience of the Veteran business owner(s), CVE considers military service, civilian work experience, and educational background.

The evaluation is often straight forward when the Veteran has military and/or work experience in the concern's primary business industry. An example: A Veteran who served in the U.S. Army Corps of Engineers and then worked for many years for a civilian general construction company as a project manager before owning his/her own construction company will usually be found to have the managerial experience necessary to run the concern.

In many cases, the Veteran owner(s) need not have direct experience in the particular industry if the applicant's submission includes other information supporting ultimate managerial and supervisory control. For example, the Veteran operates a staffing agency and has a Master's degree in Business Administration. CVE may find through the nature of the Veteran's educational background that he or she maintains ultimate managerial control over the concern's employees.

In applications where the Veteran's résumé does not reflect prior managerial experience, whether generally or in the applicant's primary industry, or the Veteran does not hold a required license, the Veteran must provide a written explanation as to how he/she has ultimate managerial and supervisory control over those who possess the required licenses or technical expertise.

Excerpt From Verification Denial Letter:

“According to 38 CFR § 74.4(b), ‘[i]ndividuals managing the concern must have managerial experience of the extent and complexity needed to run the concern.’ The applicant business is a newly formed construction business. The résumé for the Service-Disabled Veteran shows he is the current owner/CEO of the applicant and that he was previously an elementary school teacher from 2006–2012. From 2009-2011, the Service-Disabled Veteran owned and operated his own catering business and was enlisted in the U.S. Air Force from 1998-2003, as a Fire Protection Crew Chief. The Service-Disabled Veteran holds a bachelor’s degree in Education. The Veteran has not provided adequate explanation as to how his prior work experience and educational background would prepare him to manage a construction business on a day-to-day basis. Therefore, the concern’s application does not reflect the necessary experience to satisfy the control requirement of 38 CFR § 74.4(b).”

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VA Office of Small and Disadvantaged
Business Utilization
1–866–584–2344
Monday–Friday | 8 a.m. to 6 p.m. (Eastern)

Status Update:
verificationfollowup@va.gov
Profile Questions: vip@va.gov