



Highlights of [GAO-04-893](#), a report to congressional requesters

## Why GAO Did This Study

The National Veterans Business Development Corporation (The Veterans Corporation) was created under Pub. L. No. 106-50 to provide veterans with small business and entrepreneurship assistance. The Act authorized, and Congress has appropriated to the corporation, \$12 million in funding over 4 years, ending September 30, 2004. The Act also required that The Veterans Corporation implement a plan to raise private funds and become a self-sustaining corporation. GAO evaluated the corporation's: (1) efforts in providing small business assistance to veterans; (2) internal controls, including strategic planning; and (3) progress in becoming financially self-sufficient.

## What GAO Recommends

To help improve its management and external oversight, GAO recommends that the Chairman of the Board of Directors for The Veterans Corporation and its staff: (1) develop measurable, outcome-oriented goals and objectives that take into account the increasing availability of outcome data over time and (2) include in its annual report to Congress information and data relating to its progress in achieving financial self-sufficiency and the key assumptions underlying its self-sufficiency revenue projections. GAO obtained comments on a draft of this report from the corporation, which did not object to the recommendations, but provided further explanation on some of the issues.

[www.gao.gov/cgi-bin/getrpt?GAO-04-893](http://www.gao.gov/cgi-bin/getrpt?GAO-04-893).

To view the full product, including the scope and methodology, click on the link above. For more information, contact William B. Shear at (202) 512-8678 or [shearw@gao.gov](mailto:shearw@gao.gov).

## SMALL BUSINESS

# The National Veterans Business Development Corporation Faces Challenges in Planning for and Achieving Financial Self-sufficiency

## What GAO Found

Since GAO's April 2003 report (GAO-03-434), The Veterans Corporation has continued to expand programs and refocus services in its efforts to provide small business assistance to veterans while achieving financial self-sufficiency. The centerpiece of The Veterans Corporation's efforts remains its Veterans Entrepreneurial Training program, which offers classroom instruction to veterans on how to successfully start and expand their own businesses. It also has expanded or added several services primarily in the areas of finance, accounting, and contracting. However, The Veterans Corporation reported that it continues to face ongoing challenges to fulfilling its mission. These problems stem from its responsibility for the Professional Certification Advisory Board, difficulties in identifying the veteran-owned business population, and conflicting views about its legal status as a private versus public entity.

Additionally, The Veterans Corporation lacked important internal or operational controls. Specifically, its strategic plan and annual report to Congress lacked measurable goals and outcome-oriented measures. Without outcome-oriented measures, such as the number of new veteran-owned businesses or the amount of revenue generated for veteran-owned businesses, it was difficult to determine what the impact of the programs on veterans has been. In the same vein, without meaningful performance measures, The Veterans Corporation has been unable to provide Congress with significant data on its progress or the outcomes of its efforts.

Finally, The Veterans Corporation faces a number of challenges in achieving self-sufficiency. Dramatically lower-than-expected revenues have resulted in the corporation revising its currently estimated date for achieving self-sufficiency from fiscal year 2004 to fiscal year 2009. Its self-sufficiency strategy is heavily dependent on its ability to develop a database of veteran-owned businesses and successfully marketing its services to these businesses. However, the plan did not discuss how The Veterans Corporation will identify this population or contain meaningful information on key assumptions underlying revenue projections. As such, it would be difficult for Congress and other stakeholders to judge the feasibility or reasonability of the corporation's estimates and projections.