



Getting Business Ready

By Sara Graves

SFC Ivan Menard of the Vermont National Guard spent his adulthood establishing and growing his business, but at age 33 he had just a little over a month to decide what to do when he received orders to deploy to Afghanistan.

"I felt like I got sucker-punched in the chest," said Menard, who at the time had just bought an excavator and a pickup for his landscaping, excavation, and general contracting business. "I had made only one payment on the truck."

With no plan in place and little time to make decisions, Menard chose to sell his expensive equipment to eliminate his debt. After Menard deployed, his wife sold the last of the three dump trucks, two pickups, two excavators and one bulldozer that Menard used in his business.

When Menard returned 10-1/2 months later in September 2004 to his small town of 3,500 to 4,000 people, it was at the end of his peak season, but there was still business to be done. But instead of having a lot of employees to help him as he had before he deployed, Menard was force to scale down to only one other person beside himself.

"I was home three days and the phone started ringing and people needed work done," he said.

By spring, Menard was able to slowly recover and began purchasing new equipment including an excavator, pickup, trailer and a dump truck.

For Menard, a lack of pre-planning on what to do to protect his business in the event of a deployment forced him to make quick decisions that ultimately cost him upon his return.

While most reservists are covered by the Uniformed Services Employment and Reemployment Rights Act (USERRA) when called to active duty, those who are small business owners and owner-operators like Menard have minimum support to protect their companies from financial injury when they are called up on deployment—which is a growing problem, say experts.

"The odds that a service person is also an entrepreneur is higher than it used to be," said Mark Blanchard, Technology Development & Commercialization Advisor, Vermont Small Business Development Center (VtSBDC), and the 2007 Veteran Small Business Champion of the Year.

In fact, "Individuals with military experience are 9.4 to 11 percent more likely to be self-employed than to work for someone else, all else equal," according to "Educational Attainment and Other Characteristics of the Self-Employed: An Examination using Data from the Panel Study of Income Dynamics," a paper published by Chad Moutray of the SBA's Office of Advocacy.

This, coupled with the fact that service members are facing longer and more frequent deployments, makes business readiness more critical than ever before for this sector of business owners.

"[The] Guard member or service person who is facing deployment...has a special set of circumstances," Blanchard said. "[Namely,] doing planning for such time you are not going to be

able to operate your business.

"Let's say someone is a small contractor, and this person owns a truck worth \$90,000-\$100,000 and he is making payments. He needs to work the truck to maintain payments," Blanchard said.

"Some of those soldiers come back and their businesses could be in some danger — if they didn't collapse while they were gone," MAJ Randall Gates, State Family Program Director for the Vermont Airman, Soldier & Family Readiness Program, told The Burlington Free Press. "It's almost like you have to rebuild your customer base."

"When I came back from my own tour in Afghanistan, [I] saw how our deployment had affected three team members in particular. All three had put their businesses in different states of dormancy," Gates said. "All lost business when they returned though."

For Gates, Blanchard and the many others who have worked at local Small Business Development Center (SBDC) offices to assist this growing sector of business owner, business readiness equates with family readiness.

SBDCs offer service members no-cost, one-on-one, confidential counseling on what the service member can do to protect their business ahead of time before they receive orders, what types of insurance are available to them and where they can go to get further assistance.

In addition, the Army Reserve has responded to the needs of deploying business owner as well. In its Small Business Mobilization Planner, it outlines exactly what a deploying business owner should do before they receive orders and offers preparation checklists.

For starters, the planner advises that "Every Army reservist who has a small business should prepare his or her own Small Business Mobilization Plan, keep it on file and update it annually."

In addition, the planner states: "The most important aspect of your Small Business Mobilization Plan is establishing a process for business readiness. You should 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 amount of disruption — to you, your employees, and most importantly, your customers and creditors."

To view the Planner online, visit www.sba.gov/aboutsba/sbaprograms/reservists/home/ngr_VetsBackBusRes.html and click on Small Business Mobilization Guide to download the file.

The local SBDC in your area can also help you make these types of individual decisions for your company. For the local SBDC in your area, visit <http://sbdnet.org> and click on Find Your Local SBDC on the left panel. In addition, the website offers online courses and other small business information for the veteran business owner.

"Soldiers should check out their own state's Small Business Administration equivalents," Gates recommends. "Each state has similar resources. I have found that states are vastly different in what they provide to returning soldiers as assistance."


Other resources for assistance include speaking to your lender about deferring payment on your business loans for part or all of your deployment; your local unit's Family Service Center; your financial advisor; your legal advisor, who can discuss how your

military service will influence your tax status, and possibly your insurance agent about Key Man Life Insurance.

Today, if SFC Menard were called to deploy again, he said he would plan for it well ahead of time instead of being blindsided by the deployment.

One thing he would do, he said, would be to further research those businesses that cater to deploying and returning service members and take advantage of their offers.

In addition, Menard said he'd also bankroll some money, and keep some of his crucial equipment. And he would look into all services and programs offered to deploying service members, such as those offered through the SBA.

"If you are running a fairly sound business, it shouldn't be that difficult to get back into the swing of things," he said. 

IMPORTANT WEBSITES

SBA's Military Reservist Economic Injury Disaster Loan Program (MREIDL)
www.sba.gov/services/disasterassistance/businessesofallsizes/militaryreservistsloans/index.html

SBA's Patriot Express Loan
www.sba.gov/services/financialassistance/7alenderprograms/pe/index.html

MREIDL Loans
www.sba.gov/services/disasterassistance/businessesofallsizes/militaryreservistsloans/index.html

Reserve and Guard Small Business Guide
www.sba.gov/reservists

SBA's Office of Veterans Business Development (OVBD)
www.sba.gov/vets

SBA Planning Assistance
www.sba.gov/starting_business

SBA 7(a) Loans
www.sba.gov/financing

SBA 504 Certified Development Company (CDC) Program
www.sba.gov/financing/sbaloan/cdc504.html

SBA Debt Relief
www.sba.gov/reservists/debtrelief.html

USERRA
www.sba.gov/idc/groups/public/documents/adacct/ngr_userra.pdf

IRS Small Business and Self-Employed One-Stop Resource
www.irs.gov/businesses/small/index.html

IRS Tax Information for Members of the U.S. Armed Forces
www.irs.gov/newsroom/article/0,,id=97273,00.html