Advancing Veteran Entrepreneurship Through Education
National Survey of Military-Affiliated Entrepreneurs
The Need

- Several limitations and missed opportunities with existing data sources
- Increasing interest in research on veteran entrepreneurs:
  - Studies narrowly focus on a specific aspect of business ownership
  - Redundant
  - May lack cultural competency of the population
- Declining research participation (e.g., “survey fatigue”) in the absence of a coordinated approach
- Consequently, our collective understanding of veteran entrepreneurial activity is limited—this limitation will only worsen with time
- There is a clear need and demand to assess military-affiliated business ownership on a more frequent, systematic basis.

DATA GAPS

Critical gaps and missed data opportunities in our understanding of veteran and military spouse entrepreneurs:

- Limited to a finite set of questions nested within broader population surveys
- Draw from small samples
- Conducted at lengthy time intervals
With support from the Kauffman Foundation, we launched a multi-year study of veteran and military spouse entrepreneurs.

The first national initiatives to develop data-driven research focused on military-affiliated entrepreneurship.

Initiative is designed to address knowledge gaps in understanding of veteran and military spouse entrepreneurs and the supports and resources needed to assist throughout their entrepreneurial journey.

Aim 1
Fill persistent knowledge gaps in public data on military-connected entrepreneurial behavior over time

Aim 2
Track veteran and military spouse entrepreneurial experiences and behaviors at different points in the business life cycle

Aim 3
Gather more timely perspectives on the impact of contemporary issues and policies on veteran and military spouse business ownership and entrepreneurship
Specific to military-connected entrepreneur community

Key Differentiators

- Frequent, consistent insight
- Annual and Longitudinal Data
- Comprehensive approach to entrepreneurial ecosystem
- Creation of unique, public dataset
Three-Year Initiative

MILITARY-CONNECTED PARTICIPANTS
(TRANSITIONING MILITARY, VETERANS,
AND MILITARY SPOUSES)

ALL ENTREPRENEUR TYPE
(ASPIRING, CURRENT, FORMER)

QUESTIONS RELATED TO INDIVIDUAL,
MILITARY SERVICE, BUSINESS VENTURE,
AND COMMUNITY

GROUP 1
GROUP BEING
SURVEYED
ANNUALLY

2020 ANNUAL SURVEY

GROUP 2
LONGITUDINAL PANEL OF MILITARY-CONNECTED ENTREPRENEURS

2020 WAVE 1

2021 WAVE 2

2022 WAVE 3

SAME GROUP SURVEYED ANNUALLY OVER THREE YEARS
2020 Survey

Results, Key Highlights, and Insights
## Sample

### Have you ever (or ever wanted to): started a business, grew a business, worked for yourself, done freelance or contract work, or become self-employed?

<table>
<thead>
<tr>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, I do something like that now.</td>
<td>2,534</td>
<td>86.57%</td>
</tr>
<tr>
<td>Yes, I used to do something like that, but not anymore.</td>
<td>141</td>
<td>4.82%</td>
</tr>
<tr>
<td>Yes, I have wanted to or thought about it, but I have not actually done it.</td>
<td>252</td>
<td>8.61%</td>
</tr>
<tr>
<td>Total</td>
<td>2,927</td>
<td></td>
</tr>
</tbody>
</table>

### Which of the following best describes your current military status and/or affiliation?

<table>
<thead>
<tr>
<th>Description</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veteran/Retiree</td>
<td>2,554</td>
<td>88.19%</td>
</tr>
<tr>
<td>Spouse/Partner/Family</td>
<td>177</td>
<td>6.11%</td>
</tr>
<tr>
<td>Active Duty/NGR</td>
<td>165</td>
<td>5.70%</td>
</tr>
<tr>
<td>Total</td>
<td>2,896</td>
<td></td>
</tr>
</tbody>
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Motivations

Military Skills & Attributes that Apply to Entrepreneurship

- Work ethic/self-discipline (55%)
- Teamwork (46%)
- Leadership and management skills (40%)
- Mental toughness (37%)
- Perseverance (33%)

93% indicated these skills helped them in their business/venture

Interest in Entrepreneurship

- 61% interested in entrepreneurship prior to military
- 21% were not interested in entrepreneurship prior to serving in the military

ENTREPRENEURSHIP CHARACTERISTICS

Top Motivations to Entrepreneurship

- Make own decisions (44%)
- Chance to implement own ideas/creating something (43%)
- Opportunity to be financially independent/increase personal income (43%)
- Maintain personal freedom (39%)
- Helping society/supporting community (34%)

Attitudes and Perspectives

- 94% do not give up easily even in the face of difficulties
- 83% use creativity to overcome difficulty
- 79% work consistently on a goal when met with obstacles
- 70% feel responsible for their local community

What does entrepreneurship success look like to you?

"Success is being in a position of mentorship to other new business owners or entrepreneurs."
- Marine Corps Veteran Entrepreneur, CEO, and Business Owner Professional, Scientific, and Technical Services Industry
Barriers to Entrepreneurship

Top Problems or Barriers in Pursuing or Achieving Business Goals

- **42%** Lack of initial capital
- **29%** Problems finding good employees/contracted personnel
- **24%** Irregular income
- **23%** Current economic situation
- **22%** Lack of mentors for my business
- **21%** Taxes & legal fees
- **20%** Lack of experience in entrepreneurship or business ownership

Transition Difficulty and Key Challenges

- **44%** Had difficulty with the transition from military to civilian life
- 53% indicated that they needed time to figure out what to do in their civilian life
- 41% indicated that adjusting to civilian life was difficult

Top Transitional Challenges for Veteran Entrepreneurs

- Getting socialized to civilian culture (35%)
- Loss of connection with military community (31%)
- Loss of sense of purpose/camaraderie (30%)
**Financial Related Barriers**

**People & Social Capital Barriers**
- **DENIAL OF CREDIT**: 34% were turned down by lender or creditor when applying for financing.
  - Of those that were turned down:
    - 59% did not reapply anywhere
    - 28% did reapply and were turned down again
    - 14% did reapply and got funding later

**Regulation Barriers**
- 55% reported that the certification process is difficult
  - 26% reported difficulty obtaining the necessary licenses to operate business
  - 19% reported difficulty registering your company with everify

**Disability Related Barriers**
- 56% do not feel supported by the medical and disability service providers
  - 26% indicated that it creates an obstacle in business ownership
Capital

Sources of Capital

- **72%** needed capital to start/grow their business
- **28%** did not need capital to start/grow their business

**TOP THREE SOURCES OF CAPITAL USED IN 2019 ARE:**

1. Personal/family savings of the owner (63%)
2. Business credit card (38%)
3. Personal credit cards (35%)

**Credit Card**

43% of business debt is on credit cards
66% pay an interest rate that is higher than 10%
19% pay an interest rate between 20-29.99%

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**CAPITAL FOR DIFFERENT STAGES**

**STARTUP**

- **59%** needed less than $25,000 to start or acquire their business
- **60%** were able to secure the initial funding for starting or acquiring the business in 2019 while 25% were not able to secure any funding at all
- **36%** do not feel prepared for the traditional lending process

**GROWTH**

- **54%** needed more than $25,000 to grow their business
- **41%** were able to secure the funding needed to grow the business in 2019 while 31% were not able to secure any funding at all
- **27%** do not feel prepared for the traditional lending process
Support and Resources for Entrepreneurship

Entrepreneurship Resource Needs in Local Communities

Financial Resources

44% did not know about resources for grants in their local area

59% indicate the resource need improvement, 32% indicate this resource is sufficient, and 19% indicate this resource is outstanding

52% did not know about Community Development Financial Institution (CDFI) in their local area

43% indicate the resource need improvement, 44% indicate this resource is sufficient, and 14% indicate this resource is outstanding

Educational Resources

36% did not know about local incubators and accelerators in their local area

41% indicate the resource need improvement, 41% indicate this resource is sufficient, and 25% indicate this resource is outstanding

75% knew about college/university academic program in their local area

16% indicate the resource need improvement, 47% indicate this resource is sufficient, and 37% indicate this resource is outstanding

79% knew about SBA resources (SBDC, WBDC, VEOC, etc.) in their local area

24% indicate the resource need improvement, 45% indicate this resource is sufficient, and 31% indicate this resource is outstanding

Networks and Membership Organizations

79% knew about networking and engaging with other military-affiliated business owners in their local area

37% indicate the resource need improvement, 40% indicate this resource is sufficient, and 23% indicate this resource is outstanding

80% knew about Veteran Serving Organizations in their local area

32% indicate the resource need improvement, 42% indicate this resource is sufficient, and 26% indicate this resource is outstanding

70% of veteran entrepreneurs had support from friends and family to start their business

46% of veteran entrepreneurs indicated that navigating the resources in their local community was not easy

20% of veteran entrepreneurs do not feel supported by their local community
COVID-19 Pandemic

Preparedness for Entrepreneurship

65% of veteran entrepreneurs indicate that their military experience has prepared them for their business challenges associated with Covid-19 pandemic

76% of veteran entrepreneurs indicate that they lost business due to the pandemic

Closure during COVID-19:
- 68% indicate that they do not anticipate closing their business
- 31% anticipate closing their business
- 1% already closed their business

Of those that anticipate closing:
- 13% can operate for less than 3 months
- 47% can operate between 6-12 months
- 40% can operate more than a year

Top resource needs during COVID-19:
- General funding (financing, loans, grants) (37%)
- Government contracting assistance (28%)
- Day-to-day operations (25%)
- Emergency funding (20%)
- Assistance with adjusting marketing efforts (16%)

Support

56% believe that their business has NOT been supported by the federal government during the pandemic

60% believe that their business has NOT been supported by local government

60% believe that their business has NOT been supported by state government

45% were approved and received funding

12% eligible, have not applied yet

8% approved, waiting for funding

5% turned down

24% were approved and received funding

1.2% eligible, have not applied yet

5% turned down

31% not sure about eligibility

Cares Act's Payroll Protection Program (PPP):
- 53% were approved and received funding
- 4% approved, waiting for funding
- 6% applied, pending approval
- 1.2% eligible, have not applied yet
- 5% turned down

Cares Act's Economic Injury Disaster Loan (EIDL):
- 24% were approved and received funding
- 8% approved, waiting for funding
- 12% eligible, have not applied yet
- 5% turned down
- 31% not sure about eligibility
Recommendations

Veterans, Institutions of Higher Education, and Practitioners
Institutions of Higher Education

✔ Educate student veterans that it is OK to seek assistance
✔ Provide assistance and educational opportunities related to market research and analysis, establishing marketing strategy, goals, and objectives, and implementation of the marketing plan.
✔ Provide assistance to veteran entrepreneurs to pivot during the current business climate and adjust their marketing goals and efforts, e.g., build an online store, develop an online brand, etc.
✔ Educate yourself and your organization about (other) veteran entrepreneurship resources. Connect with them, collaborate, and educate the veteran entrepreneurs you serve about these resources, too.
✔ Provide resources to assist in the development of a BAIL (Banker, Accountant, Insurance, and Lawyer) team relevant to their business and industry.
✔ Familiarize yourself and your team/schools with the various certification options and resources both nationally and within your state to provide assistance and guidance to veteran entrepreneurs and educate aspiring veteran entrepreneurs about certification needs, so they can incorporate it within their business planning process.
Institutions of Higher Education

✔ Encourage faculty and research centers to research military-connected entrepreneurs
✔ Raise awareness of the NSMAE data base that can be used by faculty to conduct research
✔ Host and participate in Veteran Entrepreneurship symposiums, colloquiums, seminars/webinars, and other research and education related efforts that are related to military-affiliated entrepreneurs.

✔ Connect veterans to financial literacy training and/or create incentives within your programs and services to encourage financial literacy training.
✔ Encourage awareness of CDFIs, where to find them, how to work with them, and how to leverage them to grow their business and their network.
✔ Increase awareness of crowdfunding opportunities and assist with planning and execution.
✔ Promote available small business grants, as well as business plan competitions and other sources of nontraditional capital.
Entrepreneurship and small business services and programs should self-evaluate. This study's findings indicate programs need improvements.

This study shows there is a need for greater collaboration between resource and service providers. Veteran entrepreneurs seek assistance with various organizations that have no access to each other's databases and often fail to understand what resources and services veterans are eligible for or have already accessed. Assist small business service providers in more collaborative effort to track the progress.

Overall, veterans are not familiar with business incubators as a resource, and those utilizing such a resource believed the services needed improvements. If you have an incubator, encourage more veteran friendly practices. If you don’t have one, consider starting one or collaborating with one in your region.
Veterans and Institutions of Higher Education should familiarize themselves with following resources, these resources provide assistance, tools, guidance, and everything else that support veteran entrepreneurs:

- SBDC: https://americassbdc.org/find-your-sbdc/
- VBOC: https://www.vbocix.org/about1
- SCORE: https://www.score.org/find-location
- WBDC: https://www.wbdc.org/about-us/wbdc-offices/
- IVMF Arsenal: https://ivmf.syracuse.edu/programs/entrepreneurship/
- Center of Excellence for Veteran Entrepreneurship: https://veteranentrepreneurship.org/
- PTAC: https://www.aptac-us.org/find-a-ptac/
- INBIA: https://inbia.org/
- CDFI: https://www.cdfifund.gov/Pages/FAQ.aspx
- Bunker Labs: https://bunkerlabs.org/
- NSMAE: https://ivmf.syracuse.edu/nsmae-series/
- VetFran: https://www.vetfran.org/
Discussion

2021 NSMAE, Experiences, and Feedback
Questions & Discussion

• How can you assist us with the NSMAE 2021 data collection?