



Institute for Veterans
& Military Families

JPMorgan Chase & Co., Founding Partner



Whitman School
of Management

JPMorgan Chase & Co., Founding Partner

The State of Veteran Entrepreneurship

SVA NatCon 2022

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Why Entrepreneurship for Veterans?

Famous Veteran Entrepreneurs

- ▶ Phil Knight – Nike – Army
- ▶ Frederick Smith – FedEx – Marines
- ▶ Bob Parsons – Go Daddy – Marines
- ▶ Richard Kinder – Kinder Morgan – Army
- ▶ Blake Hall – ID.me – Army
- ▶ Mark L. Rockefeller – StreetShares – Air Force
- ▶ Catheryne Nicholson – Block Cypher – Navy
- ▶ Matt Griffin – Combat Flip Flops – Army
- ▶ Jack Taylor – Enterprise – Navy
- ▶ Jay Van Andel – Amway – Air Force
- ▶ Paul Sperry – Sperry Shoes – Navy
- ▶ Gordan Logan – Sport Clips – Air Force
- ▶ Chuck Wallace – Esurance – Air Force
- ▶ Derek Sisson – Famous Brands – Marines

Veteran Entrepreneurship

- ▶ Veteran entrepreneurs represent 9.1% of all business owners, compared to their smaller (7.6%) population size in the U.S (SBA, 2021)
- ▶ Combined, veteran-owned businesses generate about \$1 trillion in receipts and employ nearly six million Americans (SBA, 2021)
- ▶ 93% of veteran entrepreneurs indicate that military skills helped them with their business (Maury et al., 2021)
- ▶ Veterans have engaged in entrepreneurial activity at higher rates than nonveterans (i.e., civilians). However, overall rates of veteran entrepreneurship have been declining, i.e., 15 percent of veterans compared to 11 percent of nonveterans were entrepreneurs in 2005, and 12 percent of veterans compared to 10 percent of nonveterans in 2014. In 2018, 11 percent of veterans were entrepreneurs, which is comparable with the 10 percent of nonveterans who were entrepreneurs (Fairlie (2013), NAVSO (2019)).



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:

- X** Limited to a finite set of questions nested within broader population surveys
- X** Draw from small samples
- X** Conducted at lengthy time intervals



National Initiative

- ▶ 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

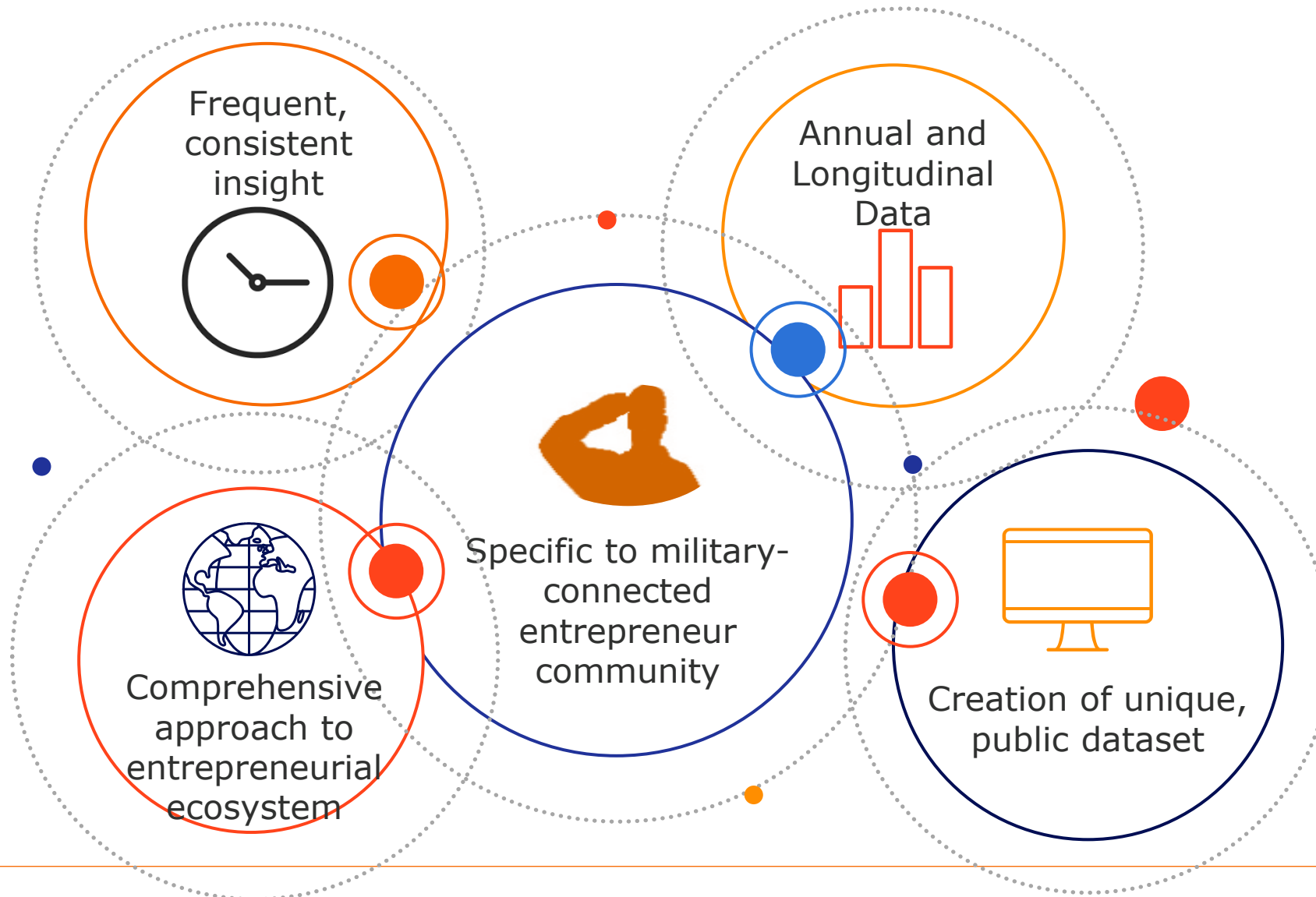
Aim 2

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

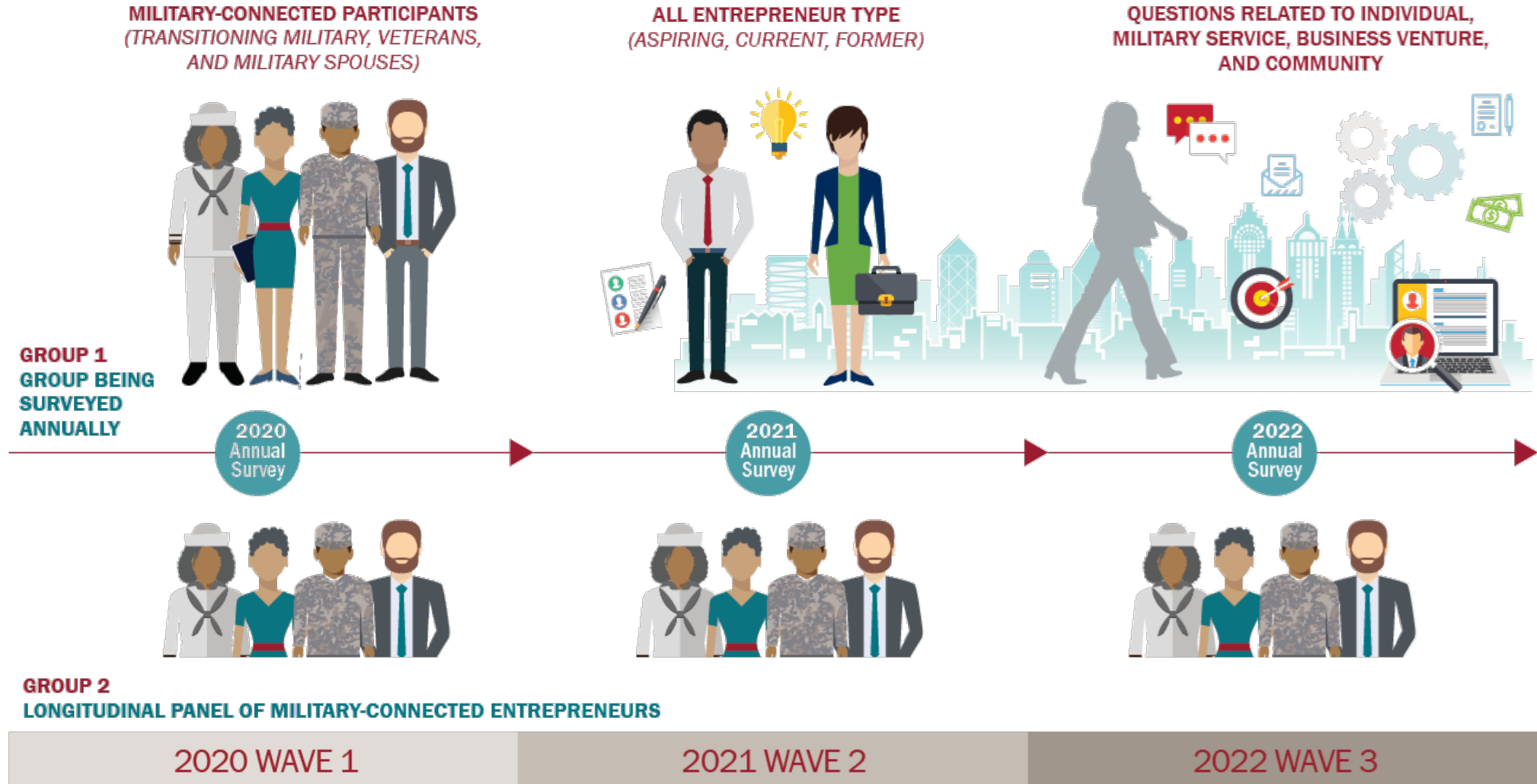
Aim 3

Gather more timely perspectives on the impact of contemporary issues and policies on veteran and military spouse business ownership and entrepreneurship

Key Differentiators



Three-Year Initiative



SAME GROUP SURVEYED ANNUALLY OVER THREE YEARS



Survey

Sample 2020

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?	Frequency	Percent
Yes, I do something like that now.	2,534	86.57%
Yes, I used to do something like that, but not anymore.	141	4.82%
Yes, I have wanted to or thought about it, but I have not actually done it.	252	8.61%
Total	2,927	

Which of the following best describes your current military status and/or affiliation?	Frequency	Percent
Veteran/Retiree	2,554	88.19%
Spouse/Partner/Family	177	6.11%
Active Duty/NGR	165	5.70%
Total	2,896	

Sample 2021

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?	Frequency	Percent
Yes, I do something like that now.	1,952	78.27%
Yes, I used to do something like that, but not anymore.	209	8.38%
Yes, I have wanted to or thought about it, but I have not actually done it.	333	13.35%
Total	2,494	

Which of the following best describes your current military status and/or affiliation?	Frequency	Percent
Veteran/Retiree	2,074	84.76%
Spouse/Partner/Family	226	9.24%
Active Duty/NGR	147	6.01%
Total	2,447	

Motivations

2020	
Make my own decisions	44%
The chance to implement my own ideas	43%
The opportunity to be financially independent	43%
Maintain personal freedom	39%
Helping society/supporting community	34%
Improving my quality of life	32%
Having more free time/flexible hours	29%
Secure future for my family	21%
Dissatisfaction in a professional occupation	19%
Building personal wealth	18%

61% interested in entrepreneurship prior to military

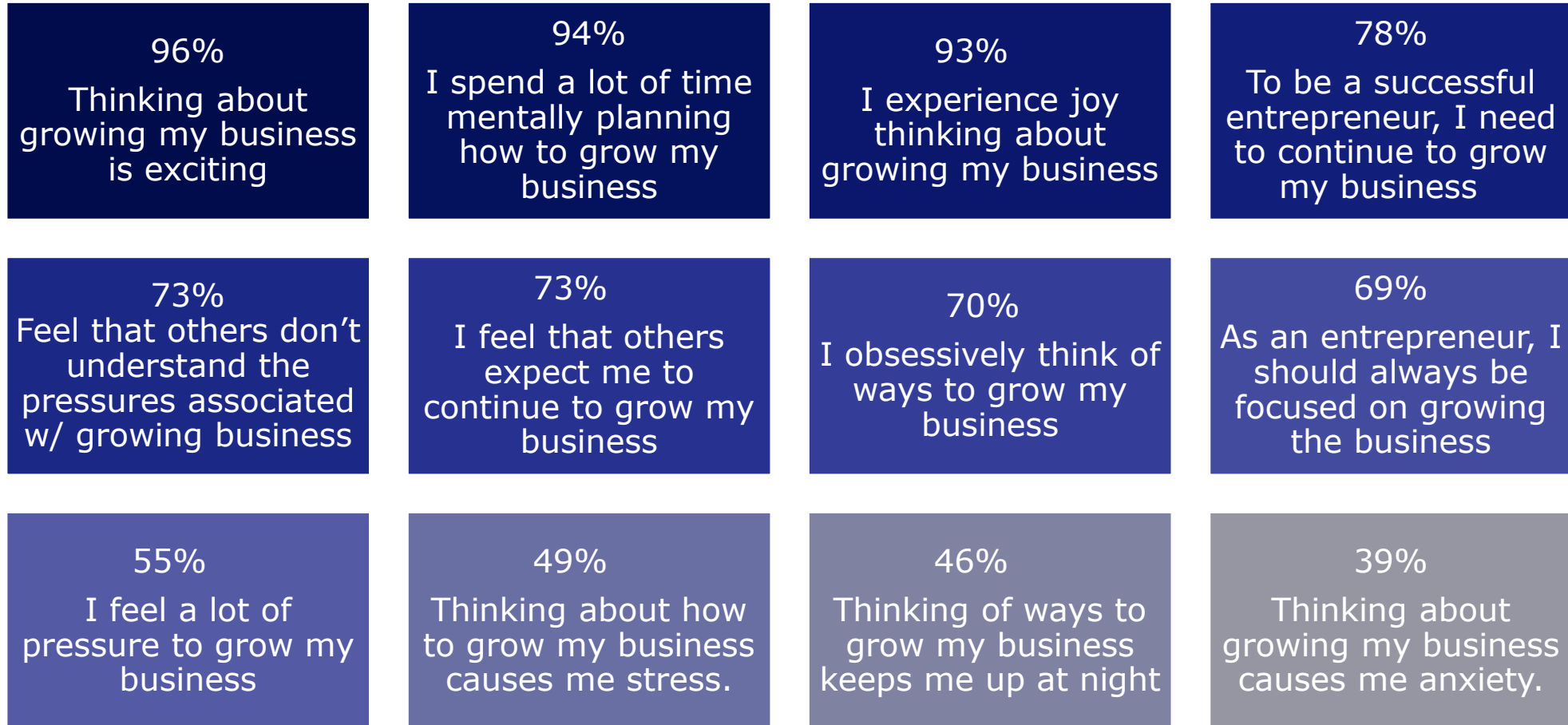
21% NOT interested in entrepreneurship prior to serving in the military

2021	
Maintain personal freedom	37%
The opportunity to be financially independent	36%
Make my own decisions	35%
The chance to implement my own ideas	33%
Improving my quality of life	25%
Having more free time/flexible hours	24%
Helping society/supporting community	24%
Opportunities to innovate	20%
Secure future for my family	19%
Personal belief / faith	18%

43% interested in entrepreneurship prior to military

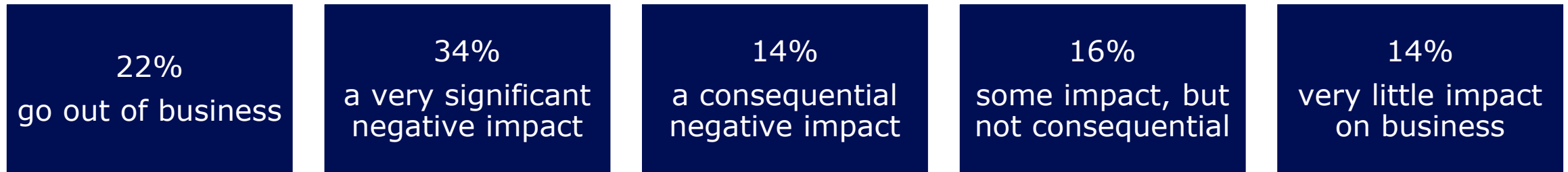
36% NOT interested in entrepreneurship prior to serving in the military

Entrepreneurial Attitudes

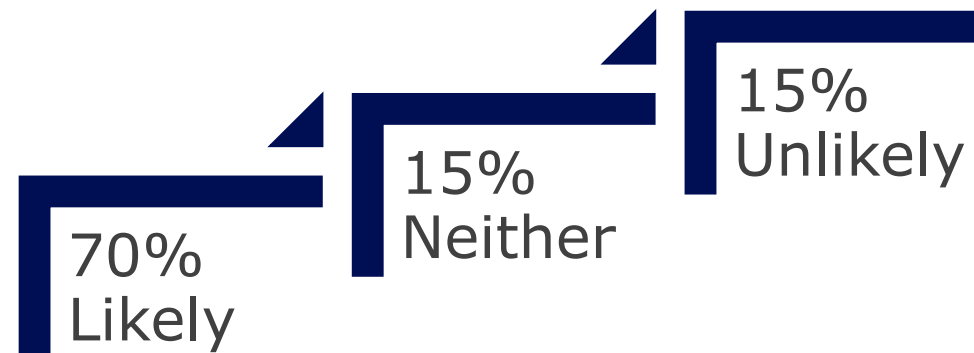


Customers & Sales

If you lost your top five customers what would happen to your business?



Realistically, how likely do you think your business will double in sales in the next five years?



Transition

48% had difficulty with the transition from military to civilian life

Challenges

- 55% needed time to figure out what to do with life
- 50% had a sense of purpose at the time of separation
- 45% adjusting to civilian life was difficult



Entrepreneurship & Transition

- **56% entrepreneurship** helped me find a **purpose** after military
- 47% entrepreneurship helped me transition into civilian life
- 46% entrepreneurship made my transition into civilian life easier
- 35% entrepreneurship was critical for an easy transition from military into civilian life

Disability

79% reported a service-connected disability

Challenges



41% did not feel supported by Medical & Disability Service Providers

Current Barriers

2020	
Lack of initial capital	42%
Problems finding good employees	29%
Irregular income	24%
Current economic situation	23%
Lack of mentors for my business	22%
Taxes and legal fees	21%
Lack of experience in entrepreneurship	20%

2021	
Lack of access to capital	35%
Problems finding good employees	30%
Lack of financing	29%
Current economic situation	27%
Irregular income	22%
Federal regulations and policies	19%
Lack of mentors for my business	18%

- 86% had support from friends and family to start a business
- 67% had support from community to start a business

- 64% had NO support from Medical & Disability Service Providers to start a business
- 61% had support assistance from Small Business Service Providers (i.e. SBA, SBDC, VBOC, etc.)

63% navigating the resources in local community was NOT easy

Current Challenges

- 61% finding good/qualified salesperson for your business
- 53% finding a local business incubator or nonprofit that helps business owners
- 49% exporting your businesses' products or services to a national market
- 48% marketing your business
- 42% applying for COVID-19 Business Relief grants and loans (PPP, EIDL, etc.)
- 41% doing sales (being a salesperson for your products or services)
- 40% applying for loans
- 35% adapting your business during COVID-19 pandemic
- 34% developing a website or social media presence for your business
- 33% asking others for assistance
- 28% setting up pay and benefits for your employees
- 26% insuring your business
- 24% obtaining the necessary licenses to operate your business
- 23% setting up taxes and withholdings
- 23% paying your business taxes
- 22% registering your company with e-Verify



Business Incubators & Accelerators

7% have been using business incubators and accelerators as a primary resources

Experiences



Capital Needs in 2020

80% needed funding in 2020



Sources of funding in 2020:

- 45% personal/family savings of owner(s)
- 43% CARES Act's Payroll Protection Program (PPP)
- 33% business credit card(s)
- 24% CARES Act's Economic Injury Disaster Loans (EIDL)
- 23% personal credit card(s)
- 22% business loan from a bank or financial institution

51%
needed more
than \$50,000

37%
needed more
than \$100,000

21%
needed more
than \$250,000

6%
needed more
than \$1M

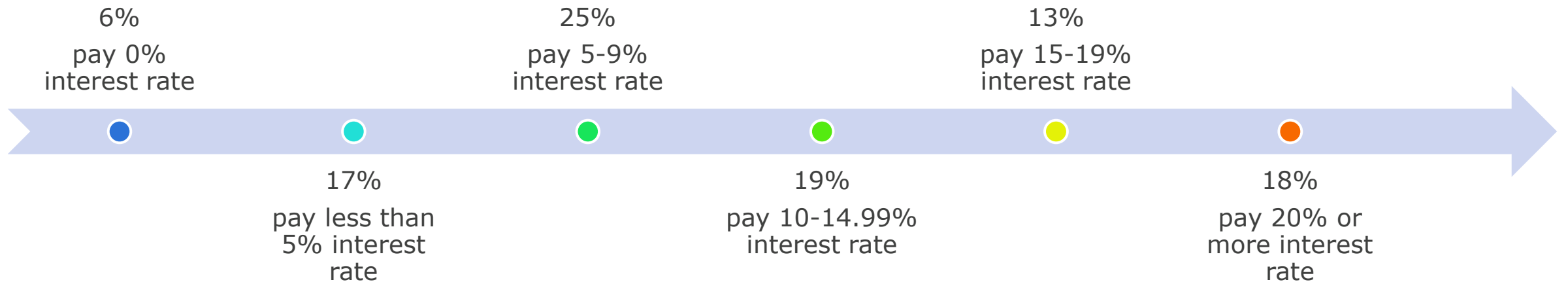
27% were NOT able to secure any funding needed to expand or grow the business

Debt



The average business **debt** reported was **\$191,686**

Interest rate (%) they pay on the loan/card with the largest balance:



The percent (%) of business debt that is on credit card(s):

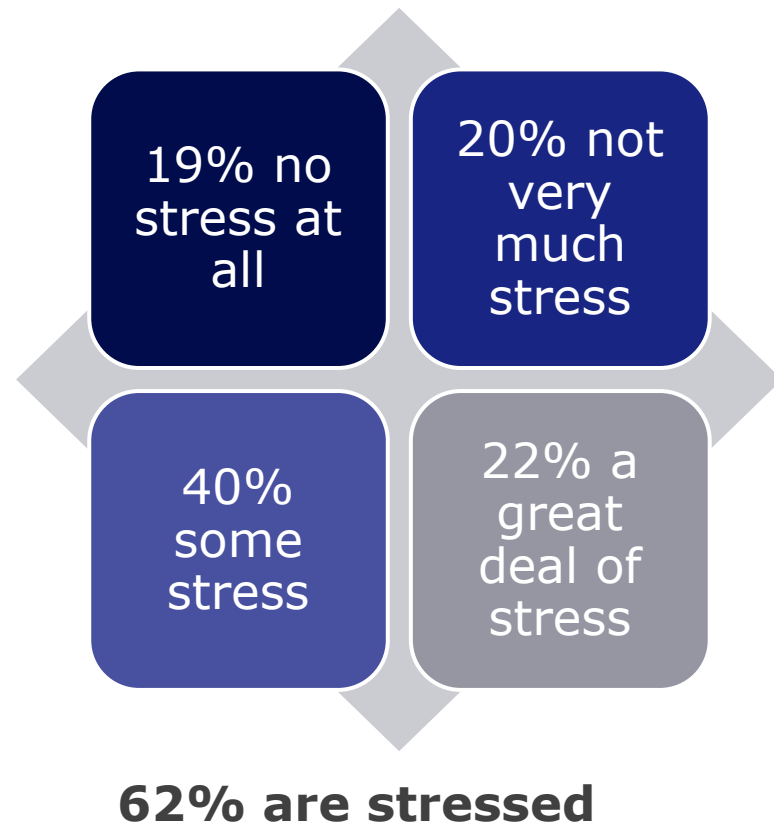


- 43% more than 10%
- 19% more than 20%
- 13% all business debt is on the credit card

34% have **NO** credit card debt

Debt – continued

How much stress does your business' financial condition cause you?

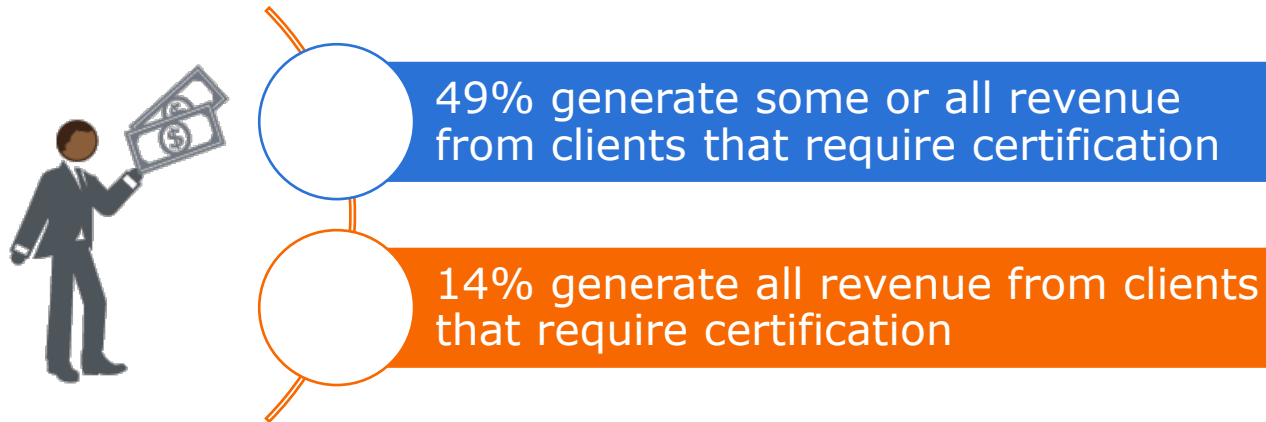


- 66% are NOT aware of the Community Development Financial Institution (CDFI) resources
- 63% do NOT feel that Federal Funding Resources (PPP, EIDL, etc.) have been helpful for their business
- 52% do NOT believe that sufficient venture capitalist funding is available for their business
- 49% do NOT believe that sufficient government subsidies/incentives are available for their business
- 49% do NOT believe that sufficient debt funding (i.e., loans, credits) is available for their business
- 49% do NOT believe that sufficient funding is available from private individuals for their business
- 40% do NOT believe that capital they need is readily available
- 39% do NOT believe that sufficient equity funding (i.e., investors) is available their business

Certifications

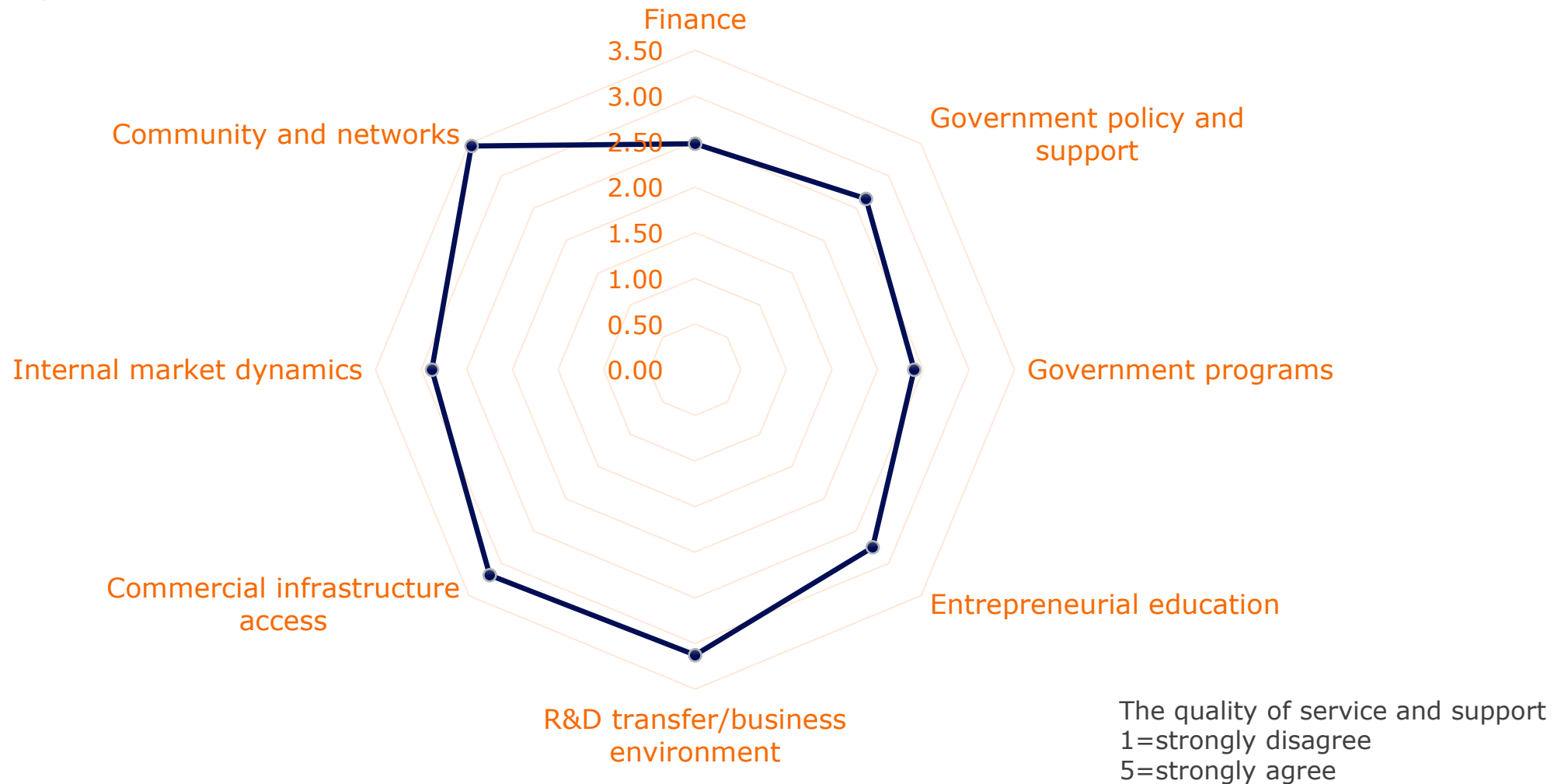
76% reported their business to be certified by a national, state, local or database/self certification body

- 61% the process of obtaining certification(s) is difficult
- 61% finding government contracts is NOT easy
- 59% applying for the government certifications is difficult
- 53% finding corporate contracts that require certification(s) is NOT easy
- 37% applying for non-government certifications is difficult



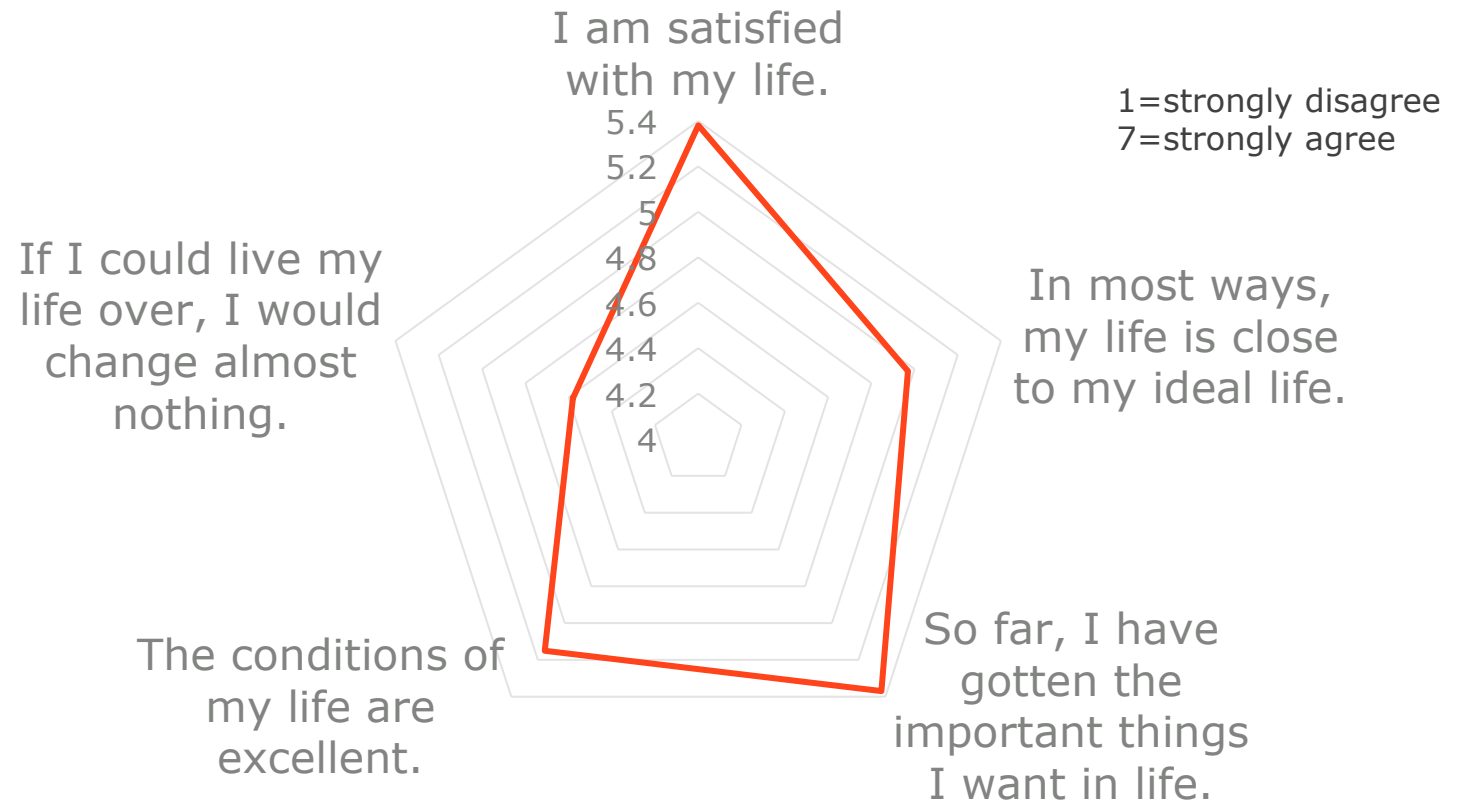
- 61% doing government contracting is NOT easy
- 53% government DOES NOT provide adequate assistance with certification process
- 41% government DOES NOT provide adequate assistance with government contracting
- 33% there are NOT enough resources to assist thorough the certification process
- 29% indicate it is NOT easy to maintain the certification(s)

Entrepreneurial Eco-system Landscape



Wellness

In general, how would you rate your current health?





Recommendations

Veterans

EDUCATION & TRAINING



- ✓ Gather market intelligence: find out what resources are available to veterans and entrepreneurs locally and what assistance and support they offer. Start with your SBA resources, i.e., VBOC, SBDC, WBDC, SCORE, and PTAC. Make the connection today as these resources will not only provide business planning assistance but offer access to entrepreneurship networks, clubs, and mentors within your local community.
- ✓ Seek assistance with the certification process, i.e., PTAC offers training and mentoring. Leverage certifications within the private sector, work with corporations and their supplier diversity programs that provide technical assistance and seek diversity suppliers.
- ✓ Invest time in market research and analysis. Seek assistance from mentors, advisors, and service providers to help with market research, setting sales goals and objectives, and developing and implementing a marketing strategy, etc.
- ✓ Expand your network: find out what resources are available to veteran entrepreneurs nationally and what assistance and support they offer, i.e., IVMF's ARSENAL of programs. Center of Excellence (COE) for Veteran Entrepreneurship, Kauffman's Fastrack and 1 Million Cups, etc. There may also be resources available in your local community, but national organizations can be a good first step.

Veterans

CAPITAL



- ✓ Discuss financial literacy and financial education with your mentors, bankers, and small business advisor. Invest time in financial education, understand the various sources of capital, and when and how to access them.
- ✓ Locate your local Community Development Financial Institutions (CDFI), reach out, connect, and learn about their financing and educational programs. They offer financial literacy training and low-cost financing for startups and growth companies. There is a list of CDFIs at <https://www.cdfifund.gov/Pages/FAQ.aspx>
- ✓ Leverage crowdfunding platforms to test your products and get your business funded. Ninety percent of a successful crowdfunding campaign is done before the campaign is launched; therefore, it is about having a plan, network, and community, so don't do it alone: seek assistance from mentors, local community members, family, friends, BAIL team members, veteran and military community members, and others.

Veterans

NETWORK & Resources – It is OK to ask for assistance!



- ✓ Start vetrepreneurship: join veteran entrepreneurship networking groups and programs, attend their events and conference, i.e., IVMF Arsenal, Center of Excellence (CoE) for Veteran Entrepreneurship, etc.
- ✓ Join industry-specific associations, clubs, and groups. Attend networking events and conferences to expand your network within your industry.
- ✓ Give back: network, mentor, and share access to resources with other veteran entrepreneurs and aspiring entrepreneurs.
- ✓ Conduct customer discovery and/or customer follow-ups. Seek assistance from mentors and advisors with these critical tasks.
- ✓ Explore local, regional, and virtual business incubators and accelerators.
- ✓ Build your BAIL team as part of your startup and growth strategy.
- ✓ Connect with local universities and colleges, i.e., the business school, understand what programs and resources they offer to assist you with your business. For example, student consulting clubs, student entrepreneurship clubs, student veterans' organizations, internship programs, and other similar resources can help you with your business needs and expand your network.

Institutions of Higher Education



- ✓ 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.

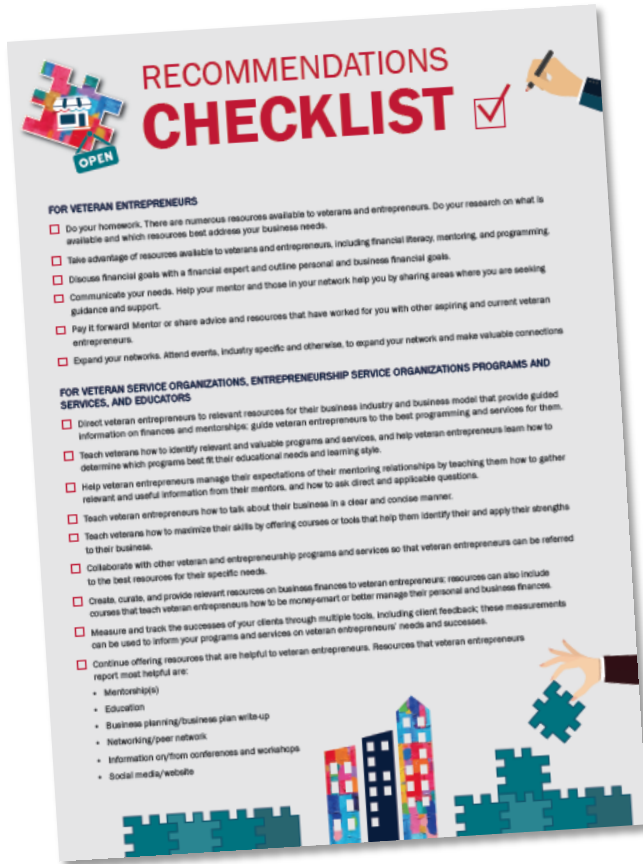
Institutions of Higher Education



- ✓ 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

Resources & Tools



- ✓ 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/>
 - ✓ VR&E Self-Employment: <https://www.va.gov/careers-employment/vocational-rehabilitation/programs/self-employment/>
 - ✓ NSMAE: <https://ivmf.syracuse.edu/nsmae-series/>
 - ✓ VetFran: <https://www.vetfran.org/>



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THANK YOU



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