

KEY INSIGHTS | APRIL 2022

# 2021 National Survey of Military-Affiliated Entrepreneurs



The National Survey of Military-Affiliated Entrepreneurs (NSMAE) is a multi-year, annual and longitudinal, study of veteran and military spouse entrepreneurs. This effort is one of the first national initiatives to develop data-driven research focused on military-affiliated entrepreneurship. The research seeks to gain better insights and understanding of military-affiliated entrepreneurs and identify economic, political, and socio-cultural factors that serve as barriers to entrepreneurship for military-affiliated individuals. This brief provides the latest insights from the 2021 NSMAE survey. The findings reported here are from both a longitudinal and cross-sectional sample of over 2,000 veteran entrepreneurs. Future briefs will include subsequent data analysis on focused topics and various populations within the military-affiliated community. This annual survey and forthcoming public dataset will be an enduring source of current insights for public and private sector leaders, policymakers, and community-based organization on systemic barriers to and drivers of entrepreneurial success among veterans and their family members.

## Entrepreneurial Characteristics



**45% CONSIDER THEMSELVES TO BE A SOCIAL ENTREPRENEUR**



INDICATE THIS IS THEIR FIRST VENTURE

**While 40% have had multiple ventures**

- ▶ 36% owned 1-2 businesses
- ▶ 47% owned 3-4 businesses
- ▶ 17% owned 5 or more business

### Motivations to Entrepreneurship

#### Personal Independence

- Make own decisions (36%)
- Maintain personal freedom (36%)

#### Financial Independence

- Opportunity to be financially independent/increase personal income (35%)
- Helping society/supporting community(21%)

#### Opportunity Recognition

- Chance to implement own ideas/creating something (32%)

#### Work Life Balance and Flexibility

- Improving quality of life (26%)
- Having more free time/flexible hours (25%)



## MILITARY TRANSITION INTO ENTREPRENEURSHIP

**63%** WERE INTERESTED IN ENTREPRENEURSHIP PRIOR TO THE MILITARY

▶ 43% had difficulty with the transition from military to civilian life

### Top Transitional Challenges for Veteran Entrepreneurs were:

- ▶ Loss of sense of purpose/camaraderie (26%)
- ▶ Financial struggles (25%)
- ▶ Getting socialized to civilian culture (25%)
- ▶ Loss of connection with military community (25%)
- ▶ Finding employment for myself (24%)

**56%** indicated that entrepreneurship was helpful in finding a purpose after military

**47%** indicated that entrepreneurship made the transition easier



# Business Characteristics, Growth, and Sales

## BUSINESS CERTIFICATIONS

OF THOSE WITH CERTIFICATION:

**76%** ARE CERTIFIED BY A NATIONAL, STATE, LOCAL CERTIFICATION BODY (formally or informally)

**61%** REPORTED THAT THE CERTIFICATION PROCESS IS DIFFICULT

49% generate revenue from clients that require certification(s)



▶ 64% are certified by Center for Verification and Evaluation, through the VA/Vets First (CVE) (i.e., SDVOSBs/VOSBs)

▶ 61% are certified by Small Business Administration (SBA) (i.e. 8(a), HUBZone, WSOB)

### TOP BUSINESS DESIGNATIONS:

**71%** Service-disabled veteran-owned businesses

**65%** Veteran-owned Businesses

**35%** Small business certification

## The Nature of Business

Businesses/ventures were:

- ▶ **57%** Service-based business
- ▶ **31%** Both product & service-based business
- ▶ **12%** Product-based business



IN 2020, THEIR BUSINESSES/ VENTURES WERE:



**85%** CONSIDER THEMSELVES SUCCESSFUL ENTREPRENEURS

YET 56% depend on their top five customers, and in case they lost those top five customers they would either get out of business or would reap significant negative consequences

## What does entrepreneurship success look like to you?

**“Entrepreneurial success is building a self-sufficient business with a diverse customer base and dedicated management team and employees. It is a business that offers its employees long term stability, work/life balance and provides innovative, high-quality solutions to its customers.”**

- Navy Veteran, Maritime Software and Engineering Services Industry

# Barriers to Entrepreneurship

## Top Problems or Barriers in Pursuing or Achieving Business Goals

**49%**

Lack of initial capital



**43%**

Problems finding good employees/ contracted personnel

**41%**

Lack of financing

**38%**

Current economic situation

**31%**

Irregular income



**29%**

Federal regulations and policies



**28%**

Taxes and legal fees

Please describe the largest challenge(s) your business has faced in the last 12 months?

**“[The largest challenge was the] “stress of worrying if your employees would be able to buy presents for their kids.”**

- National Guard Veteran, Oil and Gas Industry



## Longitudinal Study

The prevalence of certain problems and barriers faced by these veteran entrepreneurs changed dramatically between 2020 and 2021; when comparing the percentage of veteran entrepreneurs in our longitudinal study the biggest changes occurred in 2021 were:

	2020	2021	
<b>PROBLEMS FINDING GOOD EMPLOYEES</b>	29.9%	39.0%	▲ INCREASED BY 9.10%
<b>DEALING WITH FEDERAL REGULATIONS &amp; POLICIES</b>	16.5%	27.8%	▲ INCREASED BY 11.30%
<b>LACK OF FINANCING</b>	37.5%	24.1%	▼ DECREASED BY 13.40%

# Business Capital

## CAPITAL FOR DIFFERENT STAGES

### Startup

**96%** REQUIRED INITIAL START-UP CAPITAL FOR THEIR BUSINESS

OF THESE:

- ▶ 59% required less than \$25,000 of funding
- ▶ 21% required between \$25,000 and \$99,999 of funding
- ▶ 20% required more than \$100,000 of funding



### Growth

**92%** NEEDED FUNDING TO EXPAND OR GROW A BUSINESS

OF THESE:

- ▶ 51% required more than \$50,000 of funding
- ▶ 37% required more than \$100,000 of funding
- ▶ 42% were able to secure the funding needed
- ▶ 27% were not able to secure any funding at all



## Sources of Capital



IN 2020  
**80%**  
RESPONDENTS  
REQUIRED  
FINANCING

### SOURCE OF FINANCING:

- ▶ Personal and family savings of the owner (45%)
- ▶ CARES Act's Paycheck Protection Program (PPP) (43%)
- ▶ Business credit card (33%)
- ▶ CARES Act's Economic Injury Disaster Loans (EIDL) (24%)
- ▶ Personal credit cards (23%)

### Startups (0-3 years old businesses)

- 71% personal and family savings of the owner
- 34% personal credit cards
- 16% CARES Act's Paycheck Protection Program (PPP)
- 15% CARES Act's Economic Injury Disaster Loans (EIDL)



### Businesses older than 3 years

- 47% CARES Act's Paycheck Protection Program (PPP)
- 42% personal and family savings of the owner
- 33% business credit cards
- 28% CARES Act's Economic Injury Disaster Loans (EIDL)



### APPLIED FOR CREDIT/FINANCING WITH A LENDER OR CREDITOR

- ▶ 60% were approved by the lender or creditor
- ▶ 8% obtaining partial funding
- ▶ 32% were declined (Of those, 61% did not reapply anywhere and 28% were turned down by the same or different institution)



## Debt Overview

The average business debt of the respondents in 2021

**\$191,686**

### 66% report business debt on credit cards

- ▶ 38% have less than 10% of their business debt on credit cards
- ▶ 50% have 10-99% of their business debt on credit cards
- ▶ 12% report all (100%) their business debt to be on the credit cards



### Interest paid on the largest debt amount on loan/credit card:

- 43% pay an interest rate that is 10% or higher
- 19% pay more than 20% interest rate.



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

- 18% No stress at all
- 20% Not very much stress
- 40% Some stress
- 22% A great deal of stress

## What advice would you give other veteran entrepreneurs?

**"Make sure goals are realistic and that you have all resources required to attain them; also, be flexible, and be prepared for both obstacles and opportunities. Know how to recognize both and how they can be beneficial to you."**

- Army Veteran, Professional, Scientific, and Technical Services Industry



## ENTREPRENEURIAL ECOSYSTEM

### Finance

- ▶ 40% do not feel that capital is readily available
- ▶ 63% do not feel that the federal funding resources and support (PPP, EIDL, etc.) have been helpful to their business
- ▶ 66% are not aware of Community Development Financial Institutions (CDFI) resources

### Government Support and Programs

- ▶ 53% find it difficult to cope with governmental bureaucracy
- ▶ 47% do not feel that there are enough adequate government programs to support their business

### Community and Networks

- ▶ 69% feel responsible for their community
- ▶ 64% can find people in their local community to relate to with regards to business ownership
- ▶ 63% feel a sense of belonging in their local community
- ▶ 44% have difficulty navigating resources within their local community

**Syracuse University's D'Aniello Institute for Veterans and Military Families (IVMF)**

is the first national institute in higher education singularly focused on advancing the lives of the nation's military, veterans, and their families. Through its professional staff and experts, and with the support of founding partner JPMorgan Chase Co. as well as U.S. Navy veteran, IVMF Advisory Board Co-Chair, University Life Trustee and Co-Founder & Chairman Emeritus of the Carlyle Group Daniel D'Aniello '68, H'20 and his wife, Gayle, the IVMF delivers leading programs in career and entrepreneurship education and training, while also conducting actionable research, policy analysis, and program evaluations. The IVMF also supports veterans and their families, once they transition back into civilian life, as they navigate the maze of social services in their communities, enhancing access to this care working side-by-side with local providers across the country. The Institute is committed to advancing the post-service lives of those who have served in America's armed forces and their families.

**About Center of Excellence (CoE) for Veteran Entrepreneurship**

The mission of the Center of Excellence (CoE) for Veteran Entrepreneurship is to create, collect, organize, and share knowledge, resources, and networks to advance entrepreneurial opportunities for transitioning service members, veterans, and their families. With support from founding partner Fiserv, this is accomplished through the development and delivery of innovative programs and educational resources; timely and relevant research and policy analysis; and by cultivating veteran-connected ecosystems across the United States.

**In Collaboration with:**

**The Martin J. Whitman School of Management at Syracuse University** inspires students for a world of accelerating change. Offering B.S., MBA, M.S. and Ph.D. programs, all accredited by the Association to Advance Collegiate Schools of Business (AACSB), the Whitman School's faculty includes internationally known scholars and researchers, as well as successful entrepreneurs and business leaders. Whitman continues to be ranked among the nation's top business schools by U.S. News & World Report and Bloomberg Businessweek. To learn more about the Whitman School of Management, visit [Whitman.syr.edu](http://Whitman.syr.edu).

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**Wellness**

**79%** REPORTED GOOD TO EXCELLENT GENERAL HEALTH



While 21% reported poor or fair health

- ▶ 17% reported loss of energy either often or constantly
- ▶ 17% reported feeling burnout either often or constantly
- ▶ 19% reported difficulty concentrating either often or constantly

**Disability Related Experiences**

**79%** HAVE A SERVICE-CONNECTED DISABILITY

OF THOSE WITH A SERVICE-CONNECTED DISABILITY

- ▶ 31% indicate that service-related disability creates obstacles in their business
- ▶ 41% do not feel supported by Medical and Disability Service providers
- ▶ 36% entrepreneurship helped overcoming disability related challenges and barriers
- ▶ 36% entrepreneurship helped with the recovery process
- ▶ 34% entrepreneurship played a significant role in my recovery process

**Suicide Ideation**



DURING PAST YEAR

**4% CONSIDERED ATTEMPTING SUICIDE**

OF THOSE

**59% sought help**  
**41% did not seek help**

**COVID-19 Pandemic**

**Preparedness for Entrepreneurship**

**87%** OF VETERAN ENTREPRENEURS WERE ABLE TO SUCCESSFULLY ADAPT THEIR BUSINESS DURING THE PANDEMIC



**64%** OF VETERAN ENTREPRENEURS INDICATED THAT THEY LOST BUSINESS DUE TO THE PANDEMIC

- ▶ 56% identified additional opportunities for their business during the pandemic
- ▶ 79% were able to accommodate remote work

**ABOUT THE SAMPLE**

This research study was conducted through an online survey distributed and managed using the Qualtrics online survey system and was approved by the Syracuse University Institutional Review Board. The sampling strategy was purposive, seeking to recruit diverse groups of veteran entrepreneurs through a variety of known channels. The survey was disseminated from May 27, 2021 to August 3, 2021. A total of 3,580 respondents started the survey and 2,649 responses are included in the final sample (74% response rate). The survey was collected in two versions: the full survey for first-time participants, and a shorter version for longitudinal participants who had previously participated in 2020. The resulting 2,649 combined responses in the sample includes 645 longitudinal responses matched to 2020 data, and 2,004 responses for only the current year. For the purpose of this report, we focus on individuals that identify as veterans or retirees and that are currently in business, which we label as veteran entrepreneurs; hence, this report is based on sample of 1799 veteran entrepreneurs.