

DATA BRIEF | SEPTEMBER 2022

Hispanics & Latinos in the Military: The Path from Service to Veteran Entrepreneurship

This brief provides highlights from the 2021 National Survey of Military-Affiliated Entrepreneurs (NSMAE) focusing on Hispanic, Latino/a/x, or Spanish origin (for example Mexican or Mexican American, Salvadoran, Puerto Rican, Dominican, Cuban, Colombian, etc.) veteran entrepreneurs. NSMAE monitors trends in the activity, needs, and economic, social, and policy barriers of military-affiliated entrepreneurs in the United States. 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. To learn more about this study and other briefs, publications, and presentations visit ivmf.syracuse.edu/nsmae-series.

The findings in this brief are based on the data collected from 172 Hispanic, Latino/a/x, or Spanish origin veteran entrepreneurs, which represents 9.7% of the respondents in the 2021 survey.

BY THE NUMBERS: HISPANIC AND LATINO/A/X VETERAN BUSINESS OWNERS

According to the Census Bureau's 2018 Annual Business Survey:

- There are over 1.9 million veteran owned businesses (both employer and nonemployer businesses), with an estimated \$1.2 trillion in revenue, approximately 5.2 million employees, and about \$232.6 billion in annual payroll.
- Of those businesses, 7% are Hispanic and Latino/a/x veteran owned businesses, with an estimated \$28.2 billion in revenue, over 144,000 employees, and about \$6 billion in annual payroll.

Current public data sources on veteran business owners are limited to a finite set of questions nested within broader population surveys, draw from small samples, or are conducted at lengthy time intervals. Consequently, our collective understanding of veteran entrepreneurial activity is also limited. The NSMAE is designed to enhance our understanding of veteran business owners. There is a clear need to assess veteran business ownership on a more consistent and frequent basis to provide in-depth insight into the various stages and progress of veteran business ownership. This research effort addresses critical knowledge gaps of veteran entrepreneurship and the supporting efforts needed to assist veterans throughout their entrepreneurial journey. In this data brief, we provide some of the latest insights on Hispanic and Latino/a/x veteran entrepreneurs.

Entrepreneurial Characteristics

Do you consider yourself a social entrepreneur?

Social entrepreneur = an entrepreneur who develops products and/or services that create solutions to social, cultural, or environmental issues



	HISPANIC	OTHER MINORITIES ¹	WHITE NON-HISPANIC
Yes	48%	56%	37%
No	52%	44%	63%

48% OF HISPANIC AND LATINO/A/X VETERAN ENTREPRENEURS CONSIDER THEMSELVES AS A SOCIAL ENTREPRENEUR

- ▶ Yet only 2% of Hispanic and Latino/a/x veteran entrepreneurs have a nonprofit 501(c)(3)

¹ For the purposes of this analysis, anyone identifying as Hispanic ethnicity regardless of race is classified as Hispanic. White Non-Hispanic identifying with no other racial heritage are classified as "White Non-Hispanic." All other racial/ethnic groups, as well as those identifying with multiple racial groups (excluding Hispanic), are classified as "Other Minorities."

Top Motivations to Entrepreneurship

	HISPANIC	OTHER MINORITIES	WHITE NON-HISPANIC
Opportunity to be financially independent/ increase personal income	44%	40%	34%
Maintain personal freedom	37%	36%	37%
Improving quality of life	34%	26%	26%
Chance to implement own ideas/creating something	33%	33%	37%
Make own decisions	29%	28%	44%
Having more free time/ flexible hours	27%	25%	25%
Helping society/ supporting community	22%	30%	24%
Secure future for my family	22%	22%	16%
Building personal wealth	20%	20%	18%
Opportunities to innovate	16%	19%	12%

THE TOP MOTIVATION FOR HISPANIC AND LATINO/A/X VETERAN ENTREPRENEURS IS THE OPPORTUNITY TO BE FINANCIALLY INDEPENDENT/ INCREASE PERSONAL INCOME (44%)

HISPANIC AND LATINO/A/X VETERAN ENTREPRENEURS

- **1.52X MORE LIKELY** to indicate "personal belief/ faith" as a top motivation for starting their business compared to white peers
- **1.39X MORE LIKELY** to indicate "opportunities to innovate" as a top motivation for starting their business compared to white peers
- **1.34X MORE LIKELY** to indicate "secure future for my family" as a top motivation for starting their business compared to white peers
- **1.34X MORE LIKELY** to indicate "improving quality of life" as a top motivation for starting their business compared to white peers

ATTITUDES & PERSPECTIVES



Attitudes toward business growth

	HISPANIC	OTHER MINORITIES	WHITE NON-HISPANIC
I am committed to achieving growth, even if it means lower profits.	63%	58%	50%
I am willing to take on new loans in order to grow the business.	63%	55%	45%
I am willing to bring in new owners in order to grow the business.	55%	46%	41%
I strongly prefer stability over growth for my business(es)	41%	49%	45%

HISPANIC AND LATINO/A/X VETERAN ENTREPRENEURS

- **1.40 TIMES MORE LIKELY** to indicate "willing to take on new loans in order to grow the business" compared to white peers

Business Characteristics, Growth, and Sales



The Nature of Business

- ▶ 82% are sole owners of their business
- ▶ 50% indicate that this is their first business/venture
- ▶ 33% indicate that the nature of their primary business is online e-commerce; 18% are equal blend of online/brick&mortar (51% combined)

Businesses/ventures were:

	HISPANIC	OTHER MINORITIES	WHITE NON-HISPANIC
Product-based business	7%	9%	13%
Service-based business	51%	57%	58%
Both product and service-based business	42%	34%	29%

Top Barriers in Pursuing or Achieving Business Goals

1. Lack of access to capital (46%)
2. Lack of financing (32%)
3. Irregular income (26%)
4. Current economic situation (24%)
5. Lack of mentors for my business (24%)



TOP DIFFICULTIES



Finance

34%

were able to financially sustain themselves/family with income of their business

Hispanic and Latino/a/x veteran entrepreneurs in 2020

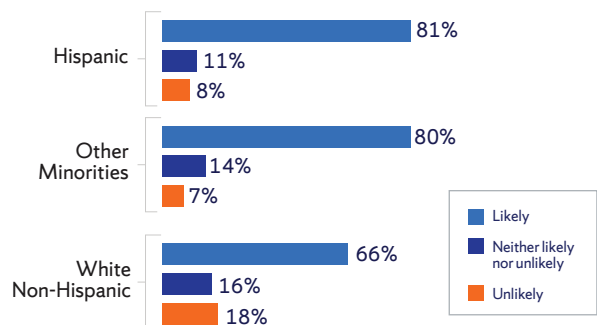
\$1,981,033



87% OF HISPANIC AND LATINO/A/X VETERAN ENTREPRENEURS CONSIDER THEMSELVES TO BE SUCCESSFUL

- ▶ Yet 23% of Hispanic and Latino/a/x veteran entrepreneurs would close their business if they lost their top five customers

BUSINESS SALES WILL DOUBLE IN NEXT 5 YEARS



In 2020, their businesses/ventures were:

	HISPANIC	OTHER MINORITIES	WHITE NON-HISPANIC
Profitable	57%	39%	56%
Breaking even	14%	16%	12%
Reporting a financial loss	30%	45%	32%

HISPANIC AND LATINO/A/X VETERAN ENTREPRENEURS

- **1.44X LESS LIKELY** to report a financial loss in 2020 compared to other veteran minority peers
- **1.13X MORE LIKELY** to break even in 2020 compared to white peers

Lending

CAPITAL FOR DIFFERENT STAGES

STARTUP

95% NEEDED FUNDING to start or acquire their business

63% NEEDED LESS THAN \$25,000 to start or acquire their business

30% NEEDED LESS THAN \$5,000 to start or acquire their business

GROWTH

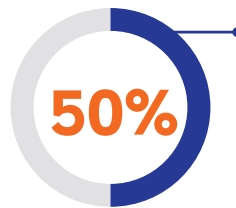
97% NEEDED FUNDING to expand or grow their business in 2020

42% NEEDED LESS THAN \$50,000 to expand or grow their business in 2020

29% WERE NOT ABLE TO SECURE ANY FUNDING needed to expand or grow their business in 2020



Credit/Financing



INDICATED THAT THE CAPITAL THEY NEED IS NOT READILY AVAILABLE



- ▶ 58% feel that there is NOT sufficient equity funding (i.e., investors) available for their business (compared to 42% of white peers)
- ▶ 46% feel that there is NOT sufficient debt funding (i.e., loans, credit) available for their business (compared to 32% of white peers)
- ▶ 29% indicate that Federal Funding Resources (PPP, EIDL, etc.) have been helpful for their business (compared to 43% of white peers)

Only 34% of Hispanic and Latino/a/x veteran entrepreneurs were able to financially sustain themselves/family with income of their business.

68%

Applied for credit/financing with a lender or creditor



Of those that applied for funding

27% WERE DENIED CREDIT/FINANCE FROM LENDERS OR CREDITORS

(compared to 14% of white peers)

- ▶ 48% that were turned down did not apply again



67% state that the financial condition of their business caused them stress

Debt

AVERAGE BUSINESS DEBT of Hispanic and Latino/a/x respondents

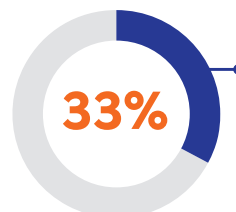


\$139,682

29% REPORTED NO DEBT



INTEREST PAID ON THE LARGEST DEBT AMOUNT ON LOAN/CREDIT CARD:



HAD AN INTEREST RATE OF 15% OR HIGHER ON LOAN/CREDIT CARD WITH THE LARGEST BALANCE (compared to 17% of white peers)



Entrepreneurial Ecosystem

Government Policy, Support, and Programs

Regulations

- ▶ 42% have difficulty coping with government bureaucracy, regulations & licensing requirements
- ▶ 49% agree that support for their business is NOT a high priority for policy at federal level
- ▶ 34% indicate that the process of obtaining licenses and permits for their business is NOT easy

Programs and Support

- ▶ 52% feel that government programs aimed at supporting new and growing businesses are NOT effective
- ▶ 44% indicate there are not an adequate number of government programs that support their business

Business Environment

Technology

- ▶ 63% feel that technological changes provide big opportunities in their market
- ▶ 48% can't afford the latest technology
- ▶ 40% can't easily access technological system, processes, and equipment (compared to 28% of white peers)



Human Capital

- ▶ 58% find it very difficult to find employees with the necessary skills
- ▶ 43% can't afford the cost of using subcontractors, suppliers, and consultants
- ▶ 38% indicated the labor needed is not readily available (compared to 20% of white peers)

Entrepreneurial Education

- ▶ 36% feel that The Small Business Administration (SBA) services provide good & adequate support for their business
- ▶ 22% feel that colleges/universities provide good & adequate support for their business
- ▶ 37% feel that The VA services provide good & adequate support for their business



COMMUNITY AND NETWORKS

Navigation

39% HAVE DIFFICULTY ASKING FOR ASSISTANCE



41% HAVE DIFFICULTY NAVIGATING THE RESOURCES IN THEIR LOCAL COMMUNITY

Belonging

- ▶ 72% FEEL RESPONSIBILITY FOR THEIR LOCAL COMMUNITY
- ▶ 68% FIND PEOPLE IN THEIR LOCAL COMMUNITY TO RELATE TO
- ▶ 62% FEEL A SENSE OF BELONGING IN THEIR LOCAL COMMUNITY



Market

- ▶ 47% believe that their business can easily enter new markets
- ▶ 30% believe they can afford the cost of new market entry

35% feel that The Small Business Administration (SBA)

do NOT provide good and adequate support for their business

44% feel that colleges/universities

do NOT provide good and adequate support for their business

36% feel that the VA services

do NOT provide good and adequate support for their business

Certifications



77%

formally or informally certified by a national, state, local or database/ self-certification body

51%

believe the certification process is DIFFICULT

34%

find applying for non-government certifications to be DIFFICULT

31%

find it EASY to maintain the certification(s)

	HISPANIC	OTHER MINORITIES	WHITE NON-HISPANIC
SBA (Small Business Administration)	54%	51%	40%
CVE (Center for Verification and Evaluation)	45%	49%	48%
NaVOBA (National Veteran-Owned Business Association)	15%	9%	11%
NVBDC (National Veteran Business Development Council)	12%	4%	4%
NMSDC (National Minority Supplier Development Council)	12%	7%	0%
Disability:IN (formerly USBLN)	3%	2%	0%
WBENC (Women's Business Enterprise National Council)	2%	3%	2%
NGLCC (National LGBT Chamber of Commerce)	2%	0%	0%

PERCENTAGE of Revenue from Clients that Require Certification



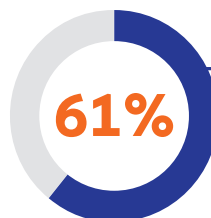
	HISPANIC	OTHER MINORITIES	WHITE NON-HISPANIC
0% of revenue are from certification	21%	15%	14%
1-49% of revenue are from certification	36%	35%	32%
50-100% of revenue are from certification	42%	51%	54%



RESOURCES AVAILABLE

- ▶ **61%** believe that the government does NOT provide adequate assistance with the government contracting
- ▶ **47%** believe that the government does NOT provide adequate assistance with the certification process
- ▶ **34%** believe there are enough resources to assist through the certification process

Corporate Contracts



indicate that finding corporate contracts that require certification(s) is

NOT easy



Government Contracts



63%

Find it DIFFICULT to do government contracting

52%

Find applying for the government certifications to be DIFFICULT

Disability, Entrepreneurship, and Wellness

HEALTH & WELLBEING

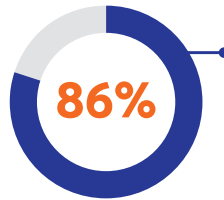
Overall perception of general health

	HISPANIC	OTHER MINORITIES	WHITE NON-HISPANIC
Poor or fair	28%	24%	20%
Good	34%	42%	35%
Very good, or excellent	38%	34%	45%

During the PAST YEAR, did you ever seriously consider attempting suicide?

	HISPANIC	OTHER MINORITIES	WHITE NON-HISPANIC
Yes	4%	6%	3%
No	96%	94%	97%

Disability Related Experiences



HAVE A SERVICE-CONNECTED DISABILITY

OF THOSE WITH A SERVICE-CONNECTED DISABILITY

- ▶ **32%** indicate that their disability creates obstacles in business ownership
- ▶ **43%** indicate that entrepreneurship helped them with overcoming disability related challenges and barriers
- ▶ **40%** indicate that entrepreneurship helped them with the recovery process
- ▶ **40%** indicate that entrepreneurship played a significant role in their recovery process



This past year **4% of Hispanic and Latino/a/x veteran entrepreneurs** had seriously considered attempting suicide

OF THOSE,

1 IN 3 DID NOT SEEK PROFESSIONAL HELP

Military Transition and Entrepreneurship

MOTIVATIONS FOR PURSUING ENTREPRENEURSHIP

41% indicate that entrepreneurship helped them find a purpose after military

44% indicate that entrepreneurship made their transition into civilian life easier

34% indicate that entrepreneurship was critical for an easy transition from military into civilian life



96%

Indicate that skills learned in military have helped them with their business

76%

were interested in entrepreneurship prior to military service

- ▶ **61%** needed time to figure out what to do with their life during their transition
- ▶ **58%** felt the transition from military to civilian life was difficult
- ▶ **49%** did not have a sense of purpose after the military

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.

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COVID-19 Pandemic

Preparedness for Entrepreneurship



42%

OF HISPANIC AND LATINO/A/X
VETERAN ENTREPRENEURS

**HAD DIFFICULTY WITH
APPLYING FOR COVID-19
BUSINESS RELIEF GRANTS
AND LOANS (PPP, EIDL, ETC.)**

- ▶ 19% indicate that COVID-19 crisis had **NEGATIVE IMPACT** on their decision to expand or grow your business
- ▶ 21% indicate that COVID-19 crisis had **NEGATIVE IMPACT** on their interest in entrepreneurship/business ownership
- ▶ 13% indicate that COVID-19 crisis had **NEGATIVE IMPACT** on their attitude toward entrepreneurship/business ownership
- ▶ 31% indicate that COVID-19 crisis had **POSITIVE IMPACT** on their decision to expand or grow your business
- ▶ 36% indicate that COVID-19 crisis had **POSITIVE IMPACT** on their interest in entrepreneurship/business ownership
- ▶ 34% indicate that COVID-19 crisis had **POSITIVE IMPACT** on their attitude toward entrepreneurship/business ownership



References

By the Numbers for Hispanic or Latino/a/x Business Owners section is data analyzed using 2018 annual business survey

The majority of this data from this brief is data analyzed using Maury, R., Tihic, M., Pritchard, A., McKelvie, A., Euto, I. (2022). 2021 National Survey of Military-Affiliated Entrepreneurs. Syracuse, NY: Institute for Veterans and Military Families, Syracuse University

As with most survey research, this study is limited by voluntary self-selection into the sample and self-reporting by participants whose answer to each question item was voluntary. Although recruitment for this study was targeted to include various populations, the finding from this study should not be construed to be representative of the population of all veteran or military-affiliated business owners.