

# 2020 National Survey of Military Affiliated Entrepreneurs



This infographic provides recent highlights from the inaugural 2020 IVMF National Survey of Military Affiliated Entrepreneurs. This study monitors trends in the activity, needs, and economic, social, and policy barriers of military-affiliated entrepreneurs in the United States. As the first year of this survey, data are drawn from an initial cross-sectional sample of over 2,500 veteran entrepreneurs. Future surveys will also track trends and pressing issues, such as this year's focus on COVID-19. 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.

## 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

## 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%)

### Interest in Entrepreneurship

**61%**

interested in entrepreneurship prior to military

**21%**

were not interested in entrepreneurship prior to serving in the military

### 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%)

## MAJOR FACTORS that Impact Starting a Business

### PEOPLE & SOCIAL CAPITAL

#### LACKED THE FOLLOWING:

Formal help to start business **40%**

Experience or exposure to someone who has run a business **32%**



### CAPITAL

**33%** Couldn't afford long-term capital

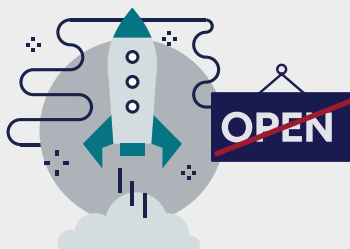
**27%** Couldn't afford start-up costs

### EXPERIENCE/KNOWLEDGE

#### DIDN'T KNOW THE FOLLOWING:

Practical details to start a firm. **27%**

Legalities of starting business. **23%**



## Financial Related Barriers



Participants reported difficulty with:

APPLYING FOR GRANTS FROM NONPROFIT ORGANIZATIONS **66%**

IDENTIFYING SOURCES OF FUNDING TO START THE BUSINESS **53%**

APPLYING FOR LOANS **49%**

## DENIAL OF CREDIT

**34%** were turned down by lender or creditor when applying for financing

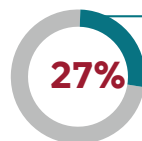
OF THOSE THAT WERE TURNED DOWN:

**59%** did not reapply anywhere

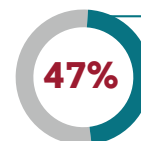
**28%** did reapply and were turned down again

**14%** did reapply and got funding later

## People & Social Capital Barriers



do not know anyone that they can rely on for help for their business



reported difficulty finding local business incubator/ nonprofit that helps business owners

## Regulation Barriers

**55%** REPORTED THAT THE CERTIFICATION PROCESS IS DIFFICULT

- ▶ 28% reported difficulty obtaining the necessary licenses to operate business
- ▶ 19% reported difficulty registering your company with e-verify



## Disability Related Barriers

OF THOSE WITH A SERVICE-CONNECTED DISABILITY

**56%** DO NOT FEEL SUPPORTED BY THE MEDICAL AND DISABILITY SERVICE PROVIDERS

- ▶ 28% INDICATED THAT IT CREATES 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%

## 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

OF THOSE THAT KNEW:

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

OF THOSE THAT KNEW:

34% indicate the resource need improvement, 41% indicate this resource is sufficient, and 25% indicate this resource is outstanding

76% know 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% know about SBA resources (SBDC, WBDC, VBOC, 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% know about networking and engaging with other military-affiliated business owners in their local area

OF THOSE THAT KNEW:

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

80% know 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

## ABOUT THE INSTITUTE FOR VETERANS AND MILITARY FAMILIES AT SYRACUSE UNIVERSITY (IVMF)

Syracuse University's 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., 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.

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### SUGGESTED CITATION

Maurry, R.; Tihic, M., Sears K., Almissalati, N. (2020). 2020 National Survey of Military Affiliated Entrepreneurs. Syracuse, NY: Institute for Veterans and Military Families, Syracuse University.

# 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%)



### CARES ACT'S PAYROLL PROTECTION PROGRAM (PPP):

- ▶ 53% were approved and received funding
- ▶ 4% approved, waiting for funding
- ▶ 6% applied, pending approval
- ▶ 12% 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

## Support

**56%**

Believe that their business **HAS 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%**

Believe that their business has **NOT** been supported by local community

**22%**

Were **NOT** aware of the resources available to them and/or business during the pandemic

### What does entrepreneurship success look like to you?

**“Having a business, with a global footprint, that provides employment opportunities for those who are qualified and passionate, but unable to acquire meaningful employment.”**

- Army Veteran Entrepreneur, Consultant, and Chief Executive Officer (CEO) Professional, Scientific, and Technical Services Industry