

DATA BRIEF | MARCH 2023

2022 National Survey of Military-Affiliated Entrepreneurs:

Veteran Entrepreneurial Ecosystem



Major strides have been made to train and support veteran entrepreneurs over the last two decades, but veteran entrepreneurs still face challenges. Some common challenges include developing and utilizing social capital, identifying successful mentors, accessing appropriate financial capital, and obtaining and utilizing business and management skills. Although challenges vary by location, each local entrepreneurial ecosystem has unique features to support veteran and military connected entrepreneurs.

Within the veteran entrepreneurial ecosystem there are many actors including veterans, veteran and entrepreneurship service organizations, policy makers, government offices, and consumers. Some features that have been shown to support veteran entrepreneurs are increased collaboration between organizations, community-based learning, dissemination of information on educational programs and services through various platforms, and policies that encourage entrepreneurship.

As veteran and entrepreneurship service organizations continue evolving to meet the needs of veteran entrepreneurs, veteran business owners are encouraged to revisit how they are navigating information and utilizing available resources to ensure they are maximizing opportunities on the road to success. Veterans should engage with the veteran entrepreneurial ecosystem to receive support and guidance for their business-related needs, networks, challenges, and successes.

About this Research Effort

The National Survey of Military-Affiliated Entrepreneurs (NSMAE) is a multi-year 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. To learn more about this study and other briefs, publications, and presentations visit <http://ivmf.syracuse.edu/nsmae-series>.




The findings in this brief are based on the data collected from 2022 NSMAE survey. The findings reported here are from a cross-sectional sample of 1,358 veteran entrepreneurs, representing 85% of the respondents in the 2022 survey.

BY THE NUMBERS: 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. Current public data sources on veteran business owners are limited to a few questions 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 assesses veteran business ownership on a more consistent and frequent basis to provide in-depth insight into the various stages and processes of veteran business ownership. This research effort addresses critical knowledge gaps on veteran entrepreneurship and supports efforts to assist veterans throughout their entrepreneurial journey. In this data brief, we provide some of the latest insights on veteran entrepreneurs from the 2022 survey.

SNAPSHOT VETERAN-OWNED BUSINESSES




1.9 MILLION+
NUMBER OF VETERAN-OWNED
BUSINESSES IN THE UNITED STATES




\$232.6 BILLION
IN ANNUAL PAYROLL

VETERAN-OWNED
BUSINESSES GENERATE
\$1.2 TRILLION
IN RECEIPTS

MORE THAN
5.2 MILLION
EMPLOYEES
IN VETERAN-OWNED
BUSINESSES



Current Veteran Entrepreneurial Ecosystem



80% consider themselves to be a successful business owner/entrepreneur




In the previous year, businesses reported making

- 54%** Significant/minor profit
- 13%** Neither profit or loss (break even)
- 29%** Significant/minor loss

65% were formally or informally certified by a national, state, local or database/self-certification body

61% indicated that applying for the government certifications is difficult

34% indicated there are **NOT** enough resources to assist throughout the certification process



Market

- ▶ **47%** indicated that marketing their business was difficult
- ▶ **28%** indicated that they are unsure how to conduct market analysis as it relates to their business venture

Financial

- ▶ **72%** are able to financially sustain themselves/family with income of their business (compared to **26%** that are not able to)
- ▶ **34%** do not have at least 3 months of typical income set aside in case of an unexpected financial event

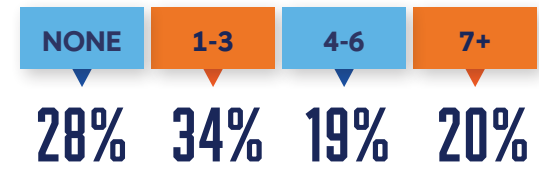
Social and Cultural Context

- ▶ **83%** started their business more to pursue an opportunity (i.e., identified an opportunity and left employment to pursue it, wanted to create and grow a business, etc.) while **17%** started their business more out of necessity (i.e., no employment options, unable to work, etc.)
- ▶ **46%** consider themselves to be a social entrepreneur (a social entrepreneur is an entrepreneur that develops products and/or services that create solutions to social, cultural, or environmental issues)

Support

- ▶ **50%** indicated that finding a local business incubator or nonprofit that helps business owners was difficult
- ▶ **28%** indicated that asking for assistance was difficult

Number of people you could rely on for help for your business/venture




Veteran entrepreneurs indicated that, within the past 12 months

	Strongly Agree/ Agree	Neither	Strongly disagree/ Disagree
My friends and family have been supportive of my business or venture	81%	10%	9%
My community has been supportive of my business or venture	56%	31%	13%
Small business service providers (i.e. SBA, SBDC, SCORE, VBOC, etc.) have been supportive and provided assistance to my business or venture	46%	25%	30%
Navigating the resources in my local community was easy	26%	28%	46%
Medical and disability service providers (i.e. VA, vocational rehabilitation, DAV, etc.) have been supportive and provided assistance to my business or venture	23%	33%	44%

Barriers to Entrepreneurship

Below we highlight some key challenges. Veteran entrepreneurs encounter a variety of challenges such as capital, mentorships, and networks. Barriers and challenges are not always exclusive, but these are the most common hurdles.

Financial Barriers

- ▶ Lack of access to capital (37%)
 - ▶ Lack of financing (34%)
 - ▶ Current economic situation (27%)
 - ▶ Irregular income (22%)
- 

Social and Human Capital Barriers

- ▶ Problems finding good employees/contracted personnel (30%)
- ▶ Lack of mentors for my business (20%)
- ▶ Lack of organizations to assist entrepreneurs (12%)
- ▶ Lack of relationships with other entrepreneurs (11%)

Regulation, Business Climate, and Policy Barriers

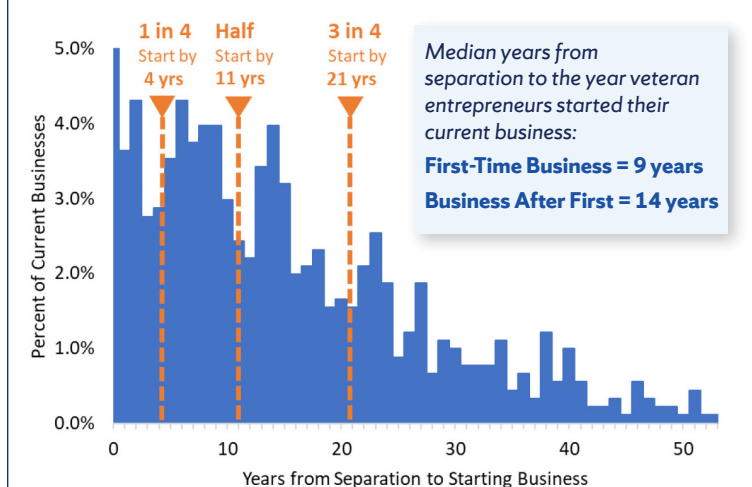
- ▶ Taxes and legal fees (20%)
- ▶ Federal regulations and policies (20%)
- ▶ State regulations and policies (13%)
- ▶ Startup paperwork and bureaucracy (12%)

Cultural and Knowledge Barriers

- ▶ Lack of experience in entrepreneurship or business ownership (18%)
- ▶ Fear of failure (14%)
- ▶ Personal health issues (disability, etc.) (13%)
- ▶ Lack of knowledge or education on the business world and the market (13%)

Military Transition into Entrepreneurship

Although there are many trainings and resources for veterans during the time period immediately surrounding their departure from the military, data shows that veteran entrepreneurs often start business later on, meaning they will need access to business resources many years after separation. From the time of military separation to business ownership, one in four veterans surveyed started their current business within 4 years of separation, about half started their current business within 11 years of separation, and three in four had started their current business within 21 years of separation.



* Note: Graph includes only businesses in 2001 or later.

Continued

Military Transition into Entrepreneurship (Continued)

Business Challenges

Finding a local business incubator or nonprofit that helps business owners

- ▶ **First-Time Business:**
50% difficult or very difficult
21% easy or very easy
- ▶ **Business After First:**
45% difficult or very difficult
31% easy or very easy

Doing sales (being a salesperson for your products or services)

- ▶ **First-Time Business:**
39% difficult or very difficult
40% easy or very easy
- ▶ **Business After First:**
32% difficult or very difficult
52% easy or very easy

Product/service design and development





- ▶ **First-Time Business:**
26% difficult or very difficult
35% easy or very easy
- ▶ **Business After First:**
25% difficult or very difficult
49% easy or very easy

Resources and the Veteran Entrepreneurial Ecosystem

No business venture is the same. Therefore, entrepreneurs' needs vary based upon the level of experience, location, industry, and environment. Small businesses, especially those in the startup phase, rely on the communities (or ecosystems) where they reside. These veteran entrepreneurs need support systems, resources, and networks to accelerate and grow their businesses. Nearly half (46%) of veteran entrepreneurs reported navigating resources in their local communities was not easy this past year.

Research indicates that veteran entrepreneurs experience an array of barriers including access to capital, difficulty navigating resources, certification process hurdles, and lack of assistance from medical and disability service providers. Success or failure does not depend on one, but rather on multiple factors related to barriers and challenges veteran entrepreneurs experience while also navigating the complex and disintegrated veteran entrepreneurship ecosystem. The current veteran entrepreneurship resource landscape can be fragmented and siloed. Many veteran entrepreneurs reported experiencing the most help through SBA resources and college or university academic programs.

These navigational challenges can lead to a lack of knowledge and access to local resources as well as feeling unsupported by both government and local communities. Some helpful entrepreneurial ecosystem resources include:

 COMMUNITY-BASED INSTRUCTION, TRAINING, AND SUPPORT	 COLLABORATION AND COORDINATION BETWEEN VETERAN AND ENTREPRENEURSHIP SERVICE ORGANIZATIONS	 ENTREPRENEUR-FRIENDLY POLICIES	 INFORMATION ON EDUCATIONAL RESOURCES AND PROGRAMS
<p>Veteran entrepreneurs benefit from training and instruction that places them alongside civilian entrepreneurs in the community. In addition to learning, community-based training and education can help veterans grow their informal and formal networks by connecting them with other resources and networks. Additionally, community-based education and training has been found to increase entrepreneurial passion among veterans, which positively affects the probability of an entrepreneur's success.</p>	<p>Increased collaboration and coordination across and between services can help veterans identify appropriate support and resources for their businesses. This can be in the form of collaborating networks, referrals, and concerted community effort.</p>	<p>Policies that encourage entrepreneurial endeavors have been shown to positively impact entrepreneurial ecosystems. Policies that encourage entrepreneurial activity and that stay true to the fabric of the community foster new businesses and growth.</p>	<p>Veterans, like many entrepreneurs, have difficulty navigating resources and benefits. Often the overwhelming amount of information can lead to "analysis paralysis." Getting to the right resource at the right time is critical for growing companies. Entrepreneurial communities can provide information on, and access to, the supports that are valuable to these entrepreneurs which will help veterans determine what is right for them and allow resources to be put to their first best use. Reducing contradictory information or even redundancy between ecosystem stakeholders is essential to a stronger ecosystem.</p>

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SUGGESTED CITATION

Maury, R.; Pritchard, A., Tihic, M. (2023). 2022 National Survey of Military-Affiliated Entrepreneurs: Veteran Entrepreneurial Ecosystem. Syracuse, NY: Institute for Veterans and Military Families, Syracuse University.

REFERENCES

By the Numbers for Veteran Business Owners section is data analyzed using 2018 annual business survey. The majority of this data from this brief is data analyzed using the 2022 National Survey of Military-Affiliated Entrepreneurs. For previous years, see 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.