

# Setting the Record Straight: Debunking Myths about Veteran Entrepreneurs

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# Framing/Motivations for Research

## KEY HIGHLIGHTS

- **Paradox:** Broad, public “support for troops” but too little understanding, especially of post-service life—beyond stereotypes
- Research on veterans tends to focus on health and wellness
- Gap in knowledge in service members’ experiences, needs, expectations, and aspirations
- Clear need to identify leading institutional support systems, processes, and practices that best promote long-term veteran success

# Overview

## KEY HIGHLIGHTS

- We provide a data-driven series of analyses to debunk persistent and inaccurate myths in the media and public debate about veterans
- Our research reveals a far more accurate, complex, nuanced and interesting picture of veterans' contribution to American culture, one that warrants retiring the “broken hero” myth and recognizing their ongoing commitment to public service
- The intent is to inform others about these inaccurate myths, and begin to have robust discussion about veterans contributions and support mechanisms needed for continued success
- Has implications for scholarly study and policy discussions

# Common Myths

## KEY HIGHLIGHTS

### SOME COMMON MYTHS

**MYTH #1** Veterans are not creative, innovative, or entrepreneurial

**MYTH #2** Veterans make poor financial decisions

**MYTH #3** Veterans know how to navigate the resources in their communities

**MYTH #4** All veterans are the same, thus all have same challenges & barriers

**MYTH #5** Entrepreneurship does not help with transition

**MYTH #6** Veterans need more than \$50K to start a venture

**MYTH #7** Veteran do not start social ventures, they are only after the government contracts (set asides)

**MYTH #1 Veterans are not creative, innovative, or entrepreneurial**

# Debunk Myth # 1

## KEY HIGHLIGHTS

- Military service and small business ownership share a distinctive relationship, dating back more than a half century.
- Although veteran entrepreneurial activity varies by age, gender, race/ethnicity, and length of service, veteran entrepreneurs tend to out-perform nonveteran entrepreneurs.
- Research has demonstrated that high-performing entrepreneurs tend to have strong decision-making in chaotic environments, confidence, independence, and high self-efficacy and achievement. These skills have all been linked to military service

## Notable Business Started by Veterans

- **FedEx**, founded and led by Frederick Smith, who served four years in the Marine Corps
- **Sports Clips**, founded by Gordon Logan and his wife. Logan is an MIT graduate and served in the Air Force
- **Sperry Shoes**, founded by Paul A. Sperry who joined the Navy Reserve then invented the world's first boat shoe
- **RE/MAX**, co-founded by Dave Liniger and his wife. Liniger served in the Air Force during the Vietnam War
- **Walmart**, founded by the Walton brothers, Sam and Bud, who served in the Army and Navy respectively
- **GoDaddy**, founded by Bob Parson who served in Marine Corps in during the Vietnam War
- **Nike**, co-founded by Phil Knight who enlisted in the Army, serving one year on active duty and seven in the Army Reserve
- **Universal Health Services**, founded by Alan B. Miller who joined ROTC while in college and served in the Army afterward
- **Amway**, co-founded by Richard DeVos who served in the Army Air Corps during WWII
- **Enterprise Rent-A-Car Company**, founded by Jack Taylor, a decorated Navy pilot who served in WWII

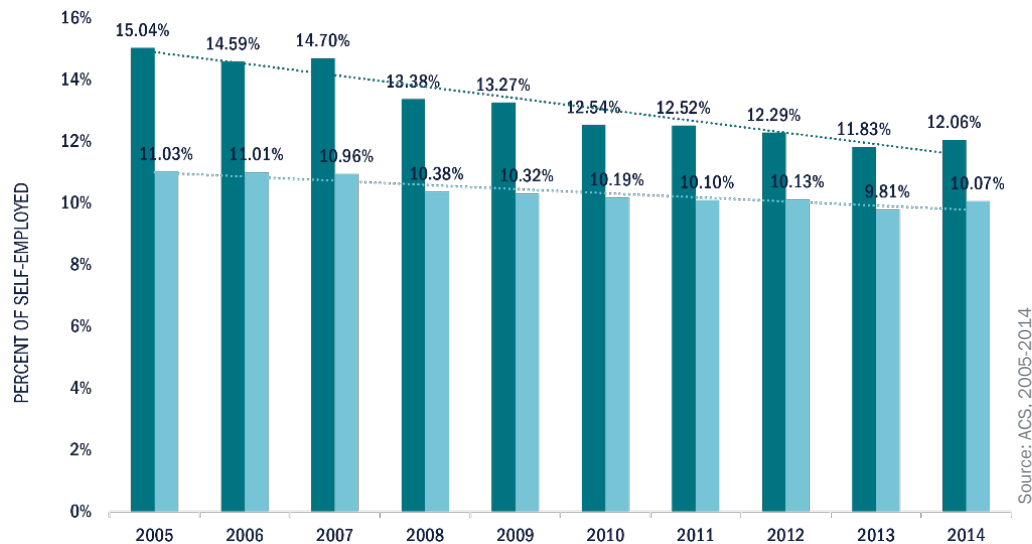
# Debunk Myth # 1

## KEY HIGHLIGHTS

### Veteran Entrepreneurs Trends

- From 2005 to 2014 veterans reported higher percentages of self-employment compared to nonveterans.
- However veteran self-employment has **declined** since 2005.
- With more recent data, veterans still remain more likely to own a business than nonveterans. During 2012-2016, **veterans were 1.2 times more likely** to be self-employed than their civilian counterparts.

### Self-Employment by Year (2005 to 2014)



Source: ACS, 2005-2014

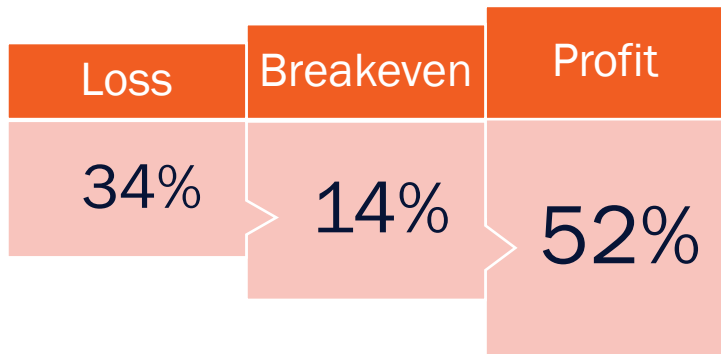
## **MYTH #2 Veterans make poor financial decisions**



# Debunk Myth # 2

## KEY HIGHLIGHTS

In 2020, the businesses made:



The average gross sales of veteran owned businesses in 2020 was **\$3,273,092**

- 70% believe that it is realistic for their business to double in sales within the next five years
- 15 percent believe that they will not double in sales within the next five years

**85 percent** consider themselves as **successful entrepreneurs**

# Business Income Contribution to Household

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19%

Household income  
is not supported  
by venture at all

23%

Business supports  
up to 25% of  
household income

27%

Business supports  
25%-75% of  
household income

31%

Business supports  
more than 75% of  
household income

**MYTH #3 Veterans know how to navigate the resources in their communities**

# Debunk Myth # 3

## KEY HIGHLIGHTS

**70%** of veteran entrepreneurs had support from friends and family to start their business

**45%** 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



# Debunk Myth # 3

## KEY HIGHLIGHTS

### Educational Resources

36% did not know about local incubators and accelerators in their local area

76% know about collage/university academic programs in their local area

79% know about SBA resources (SBDC, WBDC, VBOC, etc.) 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

16% indicate the resource need improvement, 47% indicate this resource is sufficient, and 37% indicate this resource is outstanding

24% indicate the resource need improvement, 45% indicate this resource is sufficient, and 31% indicate this resource is outstanding

# Debunk Myth # 3

## KEY HIGHLIGHTS

### Networks and Membership Organization

79% know about networking and engaging with other military-affiliated business owners in their local area

80% know about Veteran Serving Organizations (VSOs) in their local area

#### OF THOSE THAT KNEW:

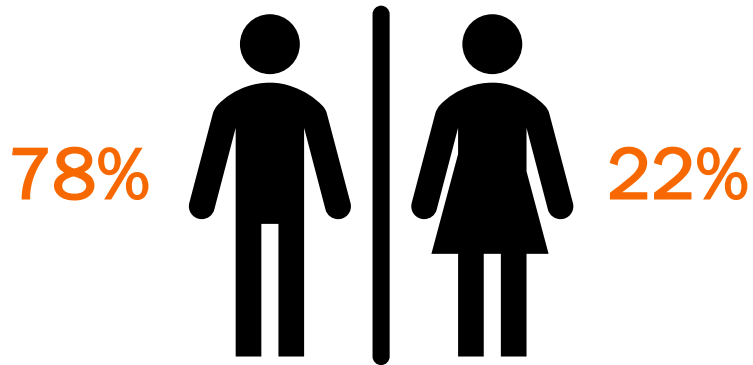
37% indicate the resource need improvement, 40% indicate this resource is sufficient, and 23% indicate this resource is outstanding

32% indicate the resource need improvement, 42% indicate this resource is sufficient, and 26% indicate this resource is outstanding

**MYTH #4 All veterans are the same, thus all have the same challenges & barriers**

# Debunk Myth # 4

## KEY HIGHLIGHTS



## Age

18-29	1%
20-39	10%
40-49	24%
50-59	33%
60-69	20%
70+	13%



# Debunk Myth # 4

## KEY HIGHLIGHTS

### Race / Ethnicity

American Indian/Alaskan Native	3%
Asian	2%
Black /African American	21%
Hispanic/Latino/Spanish Origin	9%
Native Hawaiian/Pacific Islander	1%
White	61%
Other/Combination	5%

### Education

Regular high school diploma	1%
Some college credit	2%
1 or more years of college credit	8%
Vocational/trade school/Certificate	2%
Associate degree	7%
Bachelor's degree	28%
Master's degree	38%
Professional degree	4%
Doctorate degree	6%
Other	2%

# Debunk Myth # 4

## KEY HIGHLIGHTS

### Military Branch

Air Force	18%
Army	47%
Coast Guard	1%
Marine Corps	12%
Navy	20%
Other	1%

### Rank

E1-E4	23%
E5-E9	45%
W1-W5	2%
O1-O3	10%
O4-O7	19%

# Debunk Myth # 4

## KEY HIGHLIGHTS

49%

Lack of access to 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

26%

Lack of mentors for my business

25%

Lack of experience in entrepreneurship or business ownership

# Debunk Myth # 4

## KEY HIGHLIGHTS

Barriers	Product-based	Service-based	Product & service-based
Lack of access to capital	36%	31%	38%
Problems finding good employees/contracted personnel	17%	34%	33%
Lack of financing	36%	25%	30%
Current economic situation	29%	25%	31%
Irregular income	16%	23%	23%
Federal regulations and policies	21%	21%	22%
Taxes and legal fees	23%	18%	23%
Lack of mentors for my business	11%	19%	17%
Lack of experience in entrepreneurship or business ownership	20%	19%	15%
Lack of knowledge/education on the business world and market	14%	10%	12%

**MYTH #5 Entrepreneurship does not help with transition**

# Debunk Myth # 5

## KEY HIGHLIGHTS

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

- 52% entrepreneurship helped me find a **purpose** after military
- 43% entrepreneurship helped me transition into civilian life
- 42% entrepreneurship made my transition into civilian life easier
- 33% entrepreneurship was critical for an easy transition from military into civilian life

# Debunk Myth # 5

## KEY HIGHLIGHTS

### Disability

National Survey of Military-Affiliated Entrepreneurs: 78% reported a service-connected disability

### Challenges



46% did not feel supported by Medical & Disability Service Providers

**MYTH #6 Veterans need more than \$50K to start a venture**



# Debunk Myth # 6

## KEY HIGHLIGHTS

### Barriers to Entrepreneurship

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

42%

Lack of  
initial capital

29%

Problems  
finding good  
employees

24%

Irregular  
income

22%

Current  
economic  
situation

22%

Lack of  
mentors for  
my business

21%

Taxes &  
legal fees

20%

Lack of experience  
in business  
ownership

# Debunk Myth # 6

## KEY HIGHLIGHTS

### Source of Capital

72%

Needed capital to start/grow their business

28%

Did not need capital to start/grow their business

#### TOP THREE SOURCE OF CAPITAL USED IN 2019 ARE:

1. Personal/family savings of the owner (63%)
2. Business credit card (38%)
3. Personal credit card (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 to start or acquire their business

26% 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 their business in 2019 while 31% were not able to secure any funding at all

27% DO NOT FEEL PREPARED for the traditional lending process

**MYTH #7 Veteran do not start social ventures, they are only after government contracts**

# Debunk Myth # 7

## KEY HIGHLIGHTS

### ENTREPRENEURSHIP CHARACTERISTICS

#### Top Motivations for 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%)
- Help society/supporting community (34%)

### ENTREPRENEURSHIP CHARACTERISTICS

#### 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

44% of veteran entrepreneurs consider themselves as social entrepreneurs

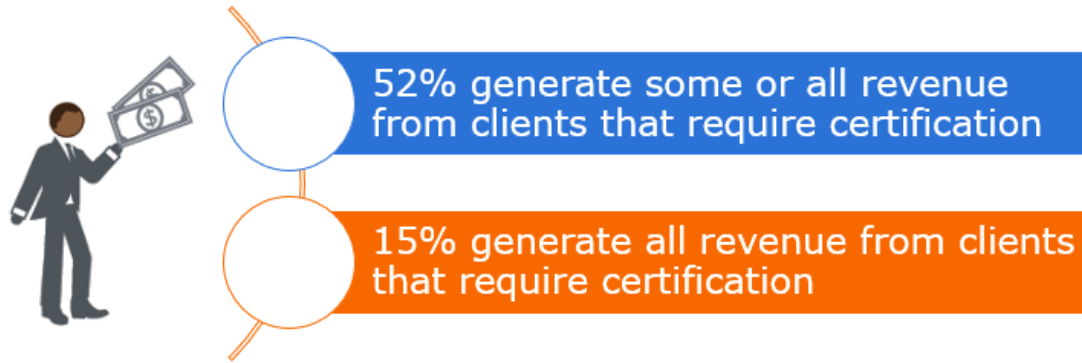
# Debunk Myth # 7

## KEY HIGHLIGHTS

### Certifications

66% reported their business to certified by a national, state, local or database/self certification body

- 83% the process of obtaining certification(s) is difficult
- 80% finding government contracts is NOT easy
- 81% finding corporate contracts that require certification(s) is NOT easy
- 81% applying for the government certifications is difficult
- 71% applying for non-government certifications is difficult



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