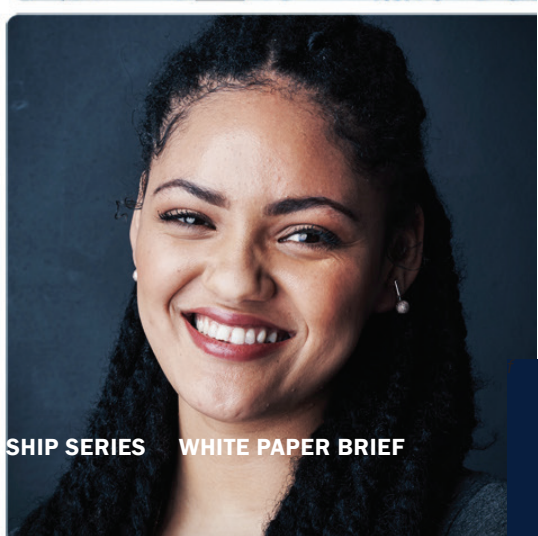
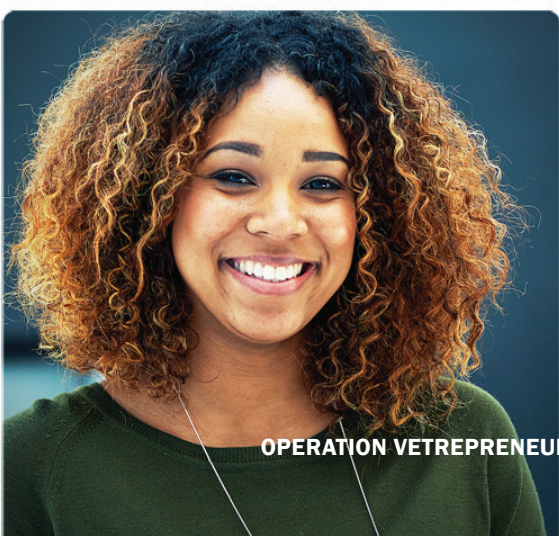




Bridging the Gap: Insights into Veteran Entrepreneurial Ecosystems

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“There are no secrets to success. It is the result of preparation, hard work, and learning from failure.”

- COLIN POWELL, former U.S. Secretary of State, former Chairman of the Joint Chiefs of Staff, General, USA, Retired



Introduction

Underscoring General Powell’s sentiments, veterans demonstrate that success is the result of preparation, hard work, resiliency, adaptability, and decision making in resource constrained environments.¹ Take FedEx for example. Prior to the mid-1970s, time-sensitive packages were typically transported on standard passenger aircraft. Often this proved inefficient. Applying his military logistics experience, Frederick Smith launched FedEx as a better way to move shipments from point A to point B quickly and efficiently. Today, FedEx serves more than 200 countries.^{2,3}

While many are successful like Frederick Smith, other veteran entrepreneurs still face unique challenges. For example, geographic mobility and limited civilian community connections during their military service can lead to different foundations for their entrepreneur journey. There still remains a need to better understand the barriers that veterans face and how service organizations can support them.

This research brief highlights some of the challenges veteran entrepreneurs face, provides insights into veteran businesses, and offers an overview of elements within the veteran entrepreneurial ecosystem¹ that aim to address these challenges.⁴ Through this brief, we hope to highlight efforts and opportunities to provide further support and advance veterans in their entrepreneurial ventures.

¹ Ecosystems refer to the factors that influence the domain of entrepreneurship, such as policies, regulations, local and regional resources, and the social, cultural, and economic development that foster entrepreneurial activity.

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Challenges

Today's veteran entrepreneurs are more focused on information, human connections, and impact, partly due to technology and partly to an ecosystem that provides multiple resources and examples of support and creativity.⁵ The changing entrepreneurial environment presents both new and old challenges; challenges that often differ based on where the veteran entrepreneur is with respect to their business and the needs that result. Below are just some challenges that veteran entrepreneurs (in ideation, start up, and growth stages) face. Other challenges have been highlighted in the IVMF's Operation Vetrepreneurship study.⁶

Selected Challenges for those in Ideation, Startup, and Growth Stages

- Social capital
- Identifying and establishing successful mentorships
- Access to appropriate financial capital
- Business and management skills



SOCIAL CAPITAL

“ Having access to those mentors and advisors is a bit harder because I’m not on a level of somebody who’s been in the business 10 years, 20 years and has those connections...”

- Doug, Army veteran, owner of a cleaning company

Strong social capital—a network of diverse personal and professional ties—provides a bridge to connect to others, build new relationships, and enjoy the benefits of the transfer of “information, influence, and solidarity.”⁷ The strength of social capital is often best illustrated through examples of finding employment through personal connections.⁸ Although veterans often have strong social capital among their military colleagues, their social capital among civilian peers is often weaker, particularly as a result of the geographic mobility and limited civilian connections during their military lives. Establishing new networks and identifying mentors can be particularly challenging at first.⁹ This is especially true for veteran entrepreneurs as networks provide access to many valuable resources, including potential investors, experts, teams, and mentors.¹⁰ Additionally, entrepreneurs with strong social capital outperform those with weak or underutilized social capital.¹¹ The social capital provided through networks has been shown to positively impact potential business investments.¹²

ACCESS TO CAPITAL

“ I had a good product and things of that nature, but I didn’t have the right amount [of money saved] for bills and marketing to make it match how fast I was going with development of the business.”

-Lily, Air Force veteran (retired), beauty salon owner

“ The challenge for the business that I am taking over for my dad is having working capital—that is a hard thing because even though we bring in money, we send out a lot of money because he wants to pay his workers the right salary.”

-Chelsea, Army veteran, family business owner, aspiring editor

One of the most cited challenges is access to financial capital when starting and growing a business. As a result, a majority of veteran business owners personally finance their business at some point.¹³ Although personally financing one's business can have several advantages, there can be some disadvantages as well, such as debt accumulation and potential damage to personal credit.¹⁴ Many veterans have difficulty navigating the types of capital their venture requires at certain stages and best positioning themselves and their business for success in acquiring that capital.

BUSINESS AND MANAGEMENT SKILLS

“Being this young as a business owner, being this new, I need all of it (information).”

– Juan, Army veteran, owner of a beach supply store

Business and management skills (and social networks) include the ability to plan, manage time, and solve problems, while remaining resilient.¹⁵ These skills are predictors of entrepreneurial activity.¹⁶ Although many veterans have these and other skills, some lack necessary business skills or have difficulty applying (or transferring) them to their business.¹⁷

Resources and the Veteran Entrepreneurial Ecosystem

No one 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 their communities (or ecosystems) that they reside in. These businesses need support structures, resources, and networks in order to accelerate and grow their businesses. Some helpful entrepreneurial ecosystem resources include:

✓ Community-based instruction, training, and support

- Veteran entrepreneurs benefit from training and instruction that places them alongside civilian entrepreneurs in the community.^{18,19} 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 entrepreneurs' success.^{20,21}

✓ Collaboration and coordination between veteran and entrepreneurship service organizations

- Increased collaboration and coordination across and between services can help veterans identify appropriate support and resources for their businesses.²² This can be in the form of collaborating networks, referrals, and concerted community effort.

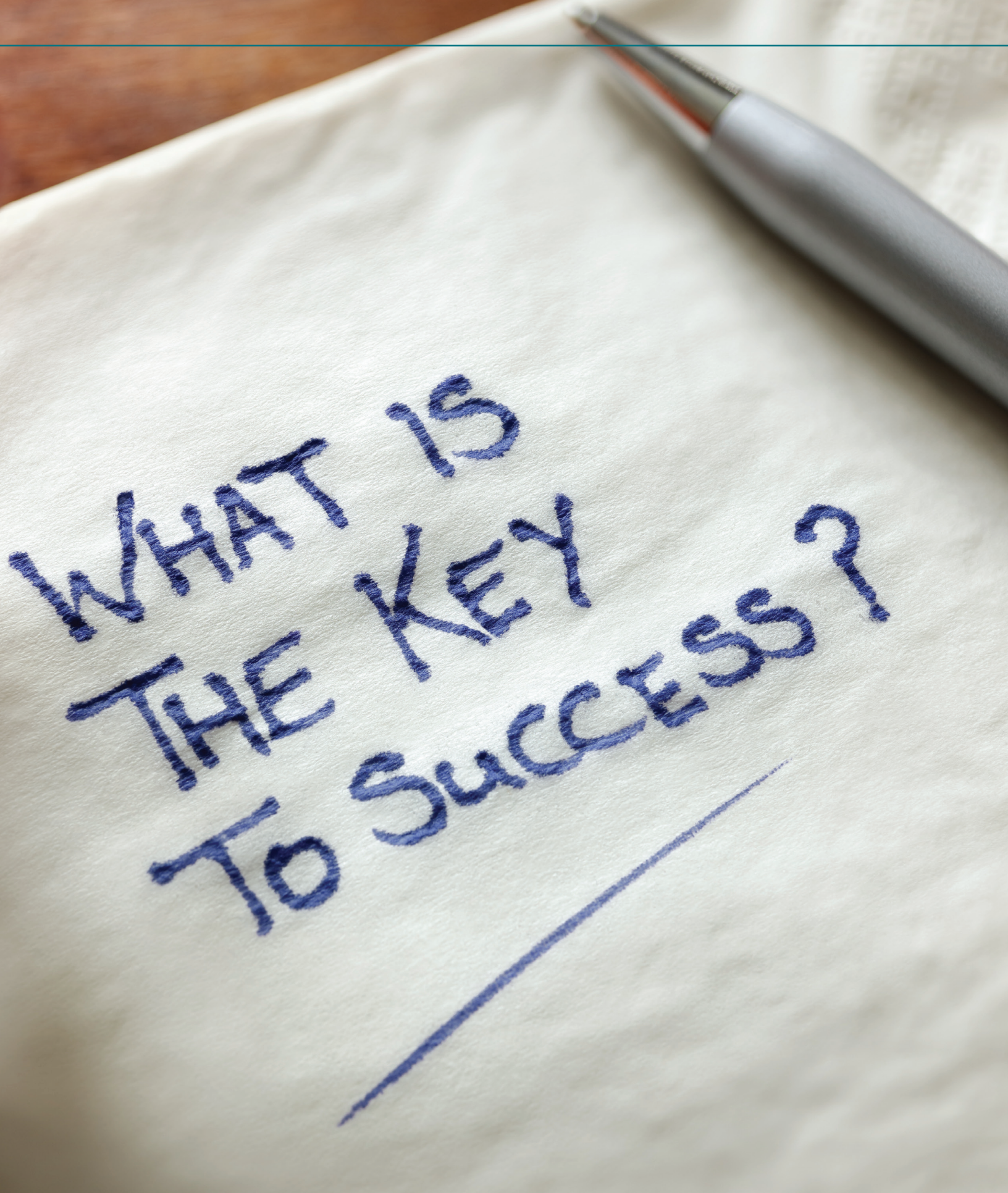
✓ Entrepreneur-friendly policies

- Policies that encourage entrepreneurial endeavors have been shown to positively impact entrepreneurial ecosystems.²³ For example, Tulsa, Oklahoma, a relatively small community, has a bustling entrepreneurial ecosystem as the result of policies that encourage business creation and growth not only driven by the community but on the corporate and foundation level as well. Policies that encourage entrepreneurial activity and that stay true to the fabric of the community foster new businesses and growth.²⁴

✓ Information on educational resources and programs

- Veterans like many entrepreneurs have difficulty navigating resources and benefits, given the overwhelming amount of information that can then 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 allows resources to be put to their fist best use.^{25,26}





WHAT IS
THE KEY
TO SUCCESS?

Conclusion – Entrepreneurial Ecosystems Are Key to Veteran Business Owners’ Success

Major strides have been made to train and support veteran entrepreneurs over the last decade; but more work needs to be done. Veteran entrepreneurs still face various challenges. Some of the challenges they might face relate to developing and utilizing social capital, identifying and developing successful mentors, accessing appropriate financial capital, and obtaining and utilizing business and management skills.

While 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, 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.

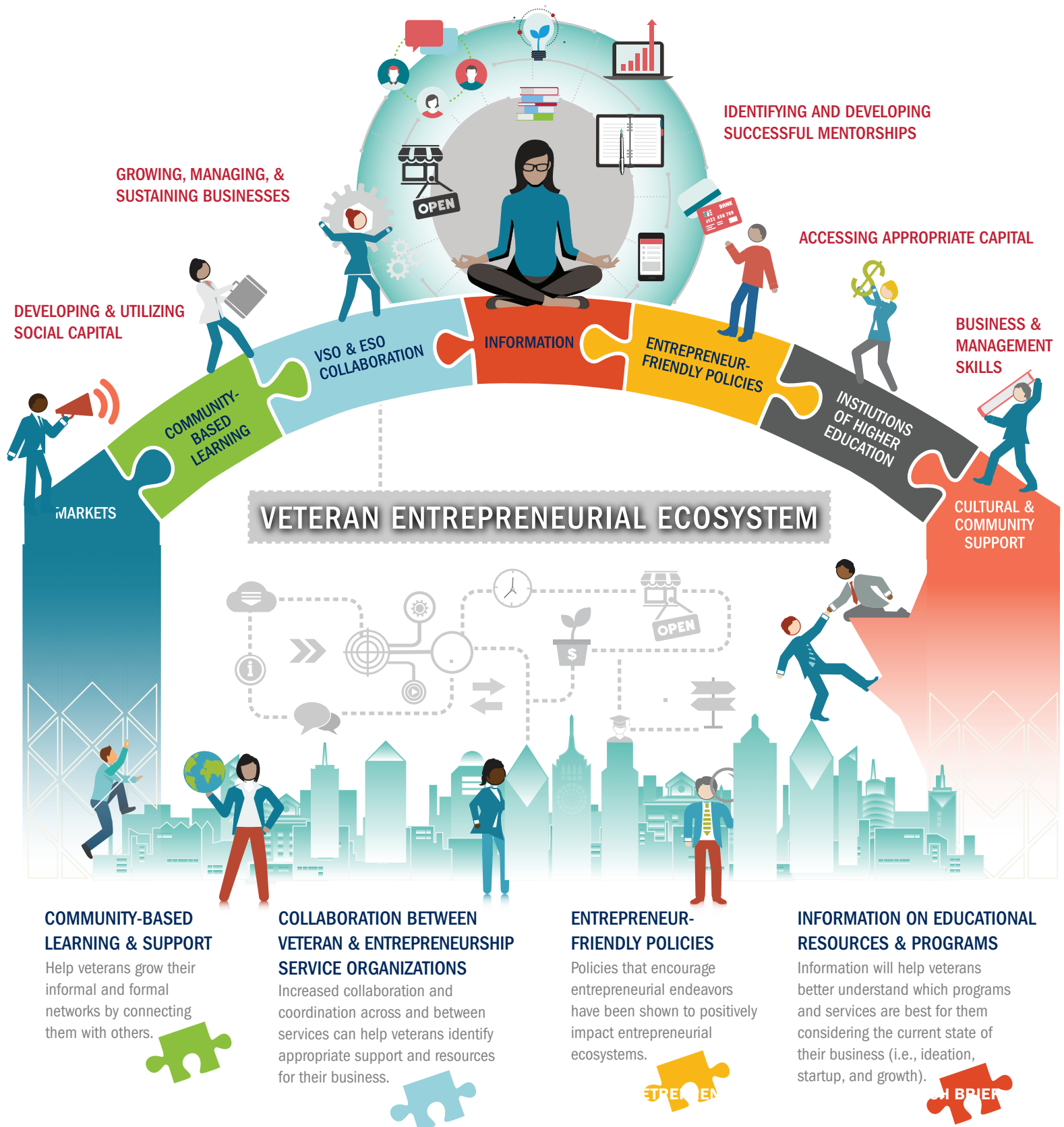
As veteran and entrepreneurship service organizations continue evolving to meet the needs of veteran entrepreneurs, the veteran business owners are encouraged to revisit how they are navigating information and utilizing available resources to ensure they are maximizing opportunities on the road to success. Veterans should remain involved with veteran and entrepreneurship service organizations, communicating their business-related needs, challenges, and successes. As General Colin Powell stated, success is “the result of preparation, hard work, and learning from failure.” Success doesn’t come easy, and neither does business ownership. But veterans are not alone; there are rich entrepreneurial ecosystems to support and guide them through their business ownership challenges.



BRIDGING THE GAP

Insights into Veteran Entrepreneurial Ecosystems

Veteran Entrepreneur Challenges



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ABOUT OPERATION VETREPRENEURSHIP

Launched in 2016, Operation Vetrepreneurship: Tracking Aspirations, Barriers, and New Ventures is an IVMF research effort developed with support from the Center of Excellence for Veteran Entrepreneurship through Lockheed Martin and First Data and through dialogue with Bunker Labs. The purpose of this study is to contribute to the current dialogue on veteran entrepreneurship by addressing select gaps in the literature. This study explores the entrepreneurship experiences of veterans and military-connected persons, focusing on entrepreneurial motivations, challenges, barriers, successes, and resource needs. Research findings are from interviews and a comprehensive survey administered to veteran and military-connected entrepreneurs. This study also includes document analysis. The goals of this research project are to identify veterans' primary motivations for engaging in entrepreneurial activity; identify challenges, barriers, and successes associated with veteran entrepreneurship; and inform multiple audiences and stakeholders on veteran entrepreneurs' main resource needs.



ABOUT THE INSTITUTE FOR VETERANS AND MILITARY FAMILIES (IVMF)

The Institute for Veterans and Military Families (IVMF) is the first interdisciplinary national institute in higher education focused on the social, economic, education, and policy issues impacting veterans and their families. Through its professional staff and experts, the IVMF delivers leading programs in career, vocational, and entrepreneurship education and training, while also conducting actionable research, policy analysis, and program evaluations. The IVMF also supports communities through collective impact efforts that enhance delivery and access to services and care. The Institute, supported by a distinguished advisory board, along with public and private partners, is committed to advancing the lives of those who have served in America's armed forces and their families. For more information, visit ivmf.syracuse.edu.



ABOUT THE CENTER OF EXCELLENCE (CoE) FOR VETERAN ENTREPRENEURSHIP

The Center of Excellence (CoE) for Veteran Entrepreneurship creates, collects, organizes, and shares knowledge, resources, and networks to advance entrepreneurial opportunities for transitioning service members, veterans, and their families. The CoE functions as the hub of veteran business ownership, leveraging Syracuse University resources, networks, the Institute for Veterans and Military Families (IVMF), and their partners and pulling together relevant stakeholders into a cohesive ecosystem focused on veteran- and spouse-owned small business.

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