DATA BRIEF:

Black & African American Veteran Entrepreneurs

This brief provides highlights from the 2020 National Survey of Military-Affiliated Entrepreneurs study focusing on Black and African American veteran entrepreneurs. These findings are based on the data collected from 333 Black and African American veteran entrepreneurs, which represents 21% of the respondents that answered the race/ethnicity question of the 2020 survey. This study 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 Black and African American veterans and their family members. To learn more about the study and other briefs, publications, and presentations visit ivmf.syracuse.edu/nsmae-series.

Entrepreneurship Characteristics

TOP MOTIVATIONS TO ENTREPRENEURSHIP

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Black &amp; African American</th>
<th>All Other Minorities*</th>
<th>White/Anglo/Caucasian</th>
</tr>
</thead>
<tbody>
<tr>
<td>The opportunity to be a financially independent/increase personal income</td>
<td>51%</td>
<td>58%</td>
<td>41%</td>
</tr>
<tr>
<td>Maintain personal freedom</td>
<td>43%</td>
<td>45%</td>
<td>38%</td>
</tr>
<tr>
<td>Helping society/supporting community</td>
<td>43%</td>
<td>48%</td>
<td>32%</td>
</tr>
<tr>
<td>The chance to implement own ideas creating something</td>
<td>40%</td>
<td>55%</td>
<td>48%</td>
</tr>
<tr>
<td>Make own decisions</td>
<td>37%</td>
<td>50%</td>
<td>47%</td>
</tr>
<tr>
<td>Improving quality of life</td>
<td>33%</td>
<td>46%</td>
<td>31%</td>
</tr>
<tr>
<td>Having more free time/flexible hours</td>
<td>31%</td>
<td>36%</td>
<td>27%</td>
</tr>
<tr>
<td>Secure future for family</td>
<td>27%</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>Building personal wealth</td>
<td>21%</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td>Personal security</td>
<td>16%</td>
<td>13%</td>
<td>9%</td>
</tr>
</tbody>
</table>

INTEREST IN ENTREPRENEURSHIP PRIOR TO MILITARY

- 36% WERE MODERATELY/EXTREMELY interested prior to the military
- 25% WERE SLIGHTLY/SOMewhat interested prior to the military
- 39% WERE NOT interested prior to the military

ATTITUDES AND PERSPECTIVES

<table>
<thead>
<tr>
<th>Attitude</th>
<th>Black &amp; African American</th>
<th>All Other Minorities*</th>
<th>White/Anglo/Caucasian</th>
</tr>
</thead>
<tbody>
<tr>
<td>94% don’t give up even in the face of difficulties</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>89% strive to accomplish tasks and work excellently</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>83% use creativity to overcome difficulty</td>
<td></td>
<td></td>
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<tr>
<td>65% feel responsibility for my local community</td>
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</tbody>
</table>
**Barriers to Entrepreneurship**

**MAJOR FACTORS THAT IMPACT STARTING A BUSINESS**

- **ECONOMIC CAPITAL**
  - 52% lacked initial capital
  - 30% could not afford the start-up costs
  - 24% current economic situation is a major barrier

- **SOCIAL AND HUMAN CAPITAL**
  - 34% lack of mentors
  - 27% did not know legalities of starting a business
  - 26% did not know how to make a business plan

**DISABILITY RELATED BARRIERS**

- 83% have a service-connected disability
  - 51% do not feel supported by medical & disability service providers
  - 29% indicate that service-connected disability creates obstacles in business ownership

**TOP TRANSITIONAL CHALLENGES FOR BLACK & AFRICAN AMERICAN VETERAN ENTREPRENEURS**

- Finding employment (26%)
- Getting socialized to civilian culture (26%)
- Financial struggles (24%)
- Loss of connection with military community (21%)
- Loss of sense of purpose (19%)

**BUSINESS RELATED BARRIERS AND CHALLENGES OF BLACK & AFRICAN AMERICAN VETERAN ENTREPRENEURS**

Participants reported difficulty with:

- Government Contracting: 57%
- The Certification Process: 49%
- Networking and engaging with other military-affiliated business owners: 41%
- Access to Credit/Finances: 41%
- Accessing Community Development Financial Institution (CDFI): 37%

**DENIAL OF CREDIT**

- 41% Black & African American Veteran Entrepreneurs have been denied credit
- Of those Black & African American Veteran Entrepreneurs that were turned down:
  - 66% did not reapply anywhere
  - 28% did reapply and were turned down again
  - 7% did reapply and got funding later

Title: Data Brief - February 2021

*Black & African American Veteran Entrepreneurs*

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**TOP PROBLEMS OR BARRIERS IN PURSUING OR ACHIEVING BUSINESS GOALS**

- 41% Lacked formal help to start a business
- 38% Attitude of banks toward start-up companies
- 37% Lack of funding
- 34% Lack of experience or exposure to other business owners
- 35% Lack of institutional/organizational support
- 30% Life related challenges
- 30% Lack of thorough business idea analysis

**TRANSITION DIFFICULTY AND KEY CHALLENGES**

- 60% indicated that adjusting to civilian life was difficult
- 44% had difficulty with the transition from military to civilian life

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*Black & African American Veteran Entrepreneurs*
**Capital**

**Black & African American Veteran Entrepreneurs**

**CAPITAL FOR DIFFERENT STAGES**

**STARTUP**
- 59% NEEDED LESS THAN $25,000 to start or acquire their business
- 67% WERE ABLE TO SECURE THE INITIAL FUNDING for starting or acquiring the business in 2019 while 34% were not able to secure any funding at all
- 49% DO NOT FEEL PREPARED for the traditional lending process

**GROWTH**
- 55% NEEDED LESS THAN $25,000 to grow their business.
- 33% WERE ABLE TO SECURE THE FUNDING needed to grow the business in 2019 while 38% were not able to secure any funding at all
- 40% DO NOT FEEL PREPARED for the traditional lending process

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**Support and Resources for Entrepreneurship**

**ENTREPRENEURSHIP RESOURCE NEEDS OF BLACK & AFRICAN AMERICAN VETERAN ENTREPRENEURS IN LOCAL COMMUNITIES**

- 48% did not know about local incubators and accelerators in their local area
- 62% know about college/university academic programs in their local area
- 81% know about SBA resources (SBDC, WBDC, VBOC, etc.) in their local area
- 81% know about networking and engaging with other military-affiliated business owners

**SOURCES OF CAPITAL**

<table>
<thead>
<tr>
<th>Source</th>
<th>Black &amp; African American</th>
<th>All Other Minorities*</th>
<th>White/Anglo/Caucasian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal/family savings</td>
<td>58%</td>
<td>77%</td>
<td>42%</td>
</tr>
<tr>
<td>Personal credit card(s)</td>
<td>36%</td>
<td>44%</td>
<td>23%</td>
</tr>
<tr>
<td>Business credit card(s)</td>
<td>29%</td>
<td>39%</td>
<td>28%</td>
</tr>
</tbody>
</table>

**Top three sources of capital used in 2019 are:**

- 82% needed capital to start/grow their business
- 18% did not need capital to start/grow their business

**Credit Card**

- 44% of business debt is on credit cards
- 58% pay an interest rate that is higher than 10%
- 21% pay an interest rate between 20-29.99%

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**Capital**

**ENTREPRENEURSHIP RESOURCE NEEDS OF BLACK & AFRICAN AMERICAN VETERAN ENTREPRENEURS IN LOCAL COMMUNITIES**

- OF THOSE THAT KNEW:
  - 28% indicate the resource need improvement,
  - 37% indicate this resource is sufficient, and
  - 35% indicate this resource is outstanding
- OF THOSE THAT KNEW:
  - 25% indicate the resource need improvement,
  - 49% indicate this resource is sufficient, and
  - 27% indicate this resource is outstanding
- OF THOSE THAT KNEW:
  - 29% indicate the resource need improvement,
  - 44% indicate this resource is sufficient, and
  - 27% indicate this resource is outstanding
- OF THOSE THAT KNEW:
  - 41% indicate the resource need improvement,
  - 40% indicate this resource is sufficient, and
  - 19% indicate this resource is outstanding
COVID-19 Pandemic

PREPAREDNESS FOR ENTREPRENEURSHIP

<table>
<thead>
<tr>
<th>Military did not prepare</th>
<th>Military somewhat prepared</th>
<th>Military did prepare</th>
</tr>
</thead>
<tbody>
<tr>
<td>14% Black &amp; African American</td>
<td>29% Black &amp; African American</td>
<td>57% Black &amp; African American</td>
</tr>
<tr>
<td>15% All Other Minorities*</td>
<td>21% All Other Minorities*</td>
<td>64% All Other Minorities*</td>
</tr>
<tr>
<td>15% White/Anglo/Caucasian</td>
<td>17% White/Anglo/Caucasian</td>
<td>68% White/Anglo/Caucasian</td>
</tr>
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</table>

90% OF BLACK & AFRICAN AMERICAN VETERAN ENTREPRENEURS WERE ABLE TO ADAPT THEIR BUSINESS DURING THE PANDEMIC

- 83% were able to accommodate (themselves or employees) to work from home
- 78% believe their business/venture will be able to survive the pandemic
- 76% indicate they lost business due to the pandemic

TOP RESOURCE NEEDS DURING COVID-19 FOR BLACK & AFRICAN AMERICAN VETERAN ENTREPRENEURS:

- 42% General funding (financing, loans, grants)
- 29% Government contracting assistance
- 24% Day-to-day operations
- 19% Emergency funding
- 17% Social media/website assistance

CARES ACT’S PAYROLL PROTECTION PROGRAM (PPP):
Black & African American Veteran Entrepreneurs:

- 40% Were approved and received funding
- 3% Approved, waiting for funding
- 11% Applied, pending approval
- 15% Eligible, have not applied yet
- 10% Turned down

CARES ACT’S ECONOMIC INJURY DISASTER LOAN (EIDL):
Black & African American Veteran Entrepreneurs:

- 29% Were approved and received funding
- 9% Approved, waiting for funding
- 6% Eligible, have not applied yet
- 8% Turned down
- 31% Not sure about eligibility

SUPPORT DURING THE PANDEMIC FOR BLACK & AFRICAN AMERICAN VETERAN ENTREPRENEURS:

<table>
<thead>
<tr>
<th>Resource</th>
<th>Black &amp; African American</th>
<th>White/Anglo/Caucasian</th>
</tr>
</thead>
<tbody>
<tr>
<td>能使用</td>
<td>57%</td>
<td>68%</td>
</tr>
<tr>
<td>不能使用</td>
<td>43%</td>
<td>32%</td>
</tr>
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</table>

What does entrepreneurship success look like to you?

“Being able to implement my vision for products and services as well as employing other veterans and disadvantaged individuals to help improve their quality of life.”

- Army Black Veteran Entrepreneur & CEO, Professional, Scientific, & Technical Services Industry

*For this brief, “All Other Minorities” category was created of anyone who selected American Indian or Alaska Native; Asian; Hispanic, Latino, or Spanish Origin, Native Hawaiian or Pacific Islander; Other race/ethnicity. A combination of two or more