**INSTITUTE FOR VETERANS AND MILITARY FAMILY**

**Data Brief: Black and African American Veteran Entrepreneurs**

**February 2021**

This brief provides highlights from the 2020 National Survey of Military-Affiliated Entrepreneurs 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 this study and other briefs, publications, and presentations visit https://ivmf.syracuse.edu/nsmae-series/

**MOTIVATIONS**

**Military Skills & Attributes that Apply to Entrepreneurship**

55% Sense and purpose after military

51% Work ethic/self-discipline

46% Teamwork

36% Leadership and management skills

28% Mental toughness

28% Training & teaching others

**Interest in Entrepreneurship**

36% were moderately/extremely interested in entrepreneurship prior to military

25% were slightly/somewhat interested in entrepreneurship prior to military

39% were not interested in entrepreneurship prior to military

**ENTREPRENEURSHIP CHARACTERISTICS**

**Top Motivations to Entrepreneurship**

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

**Attitudes and Perspectives**

94% don’t give up even in the face of difficulties

89% strive to accomplish tasks and work excellently

83% use creativity to overcome difficulties

65% feel responsibility for my local community

**BARRIERS TO ENTREPRENEURSHIP**

**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 they needed time to figure out what to do in their civilian life

47% indicated that adjusting to civilian life was difficult

44% had difficulty with the transition from military to civilian life

Top Transitional Challenges

26% finding employment

26% getting socialized to civilian culture

24% financial struggles

21% loss of connection with military community

19% loss of sense of purpose

**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 the legalities of starting a business

26% did not know how to make a business plan

**Business Related Barriers and Challenges of Black & African American Veteran Entrepreneurs**

Participants reported difficulty with:

57% government contracting

48% reported that the certification process is difficult

46% access to adequate internet

44% accessing grants

41% access to credit/finances

41% networking and engaging with other military-affiliated business owners

37% accessing Community Development Financial Institution (CDFI)

DENIAL OF CREDIT - has a particular lender or creditor turned down any request you made for credit, or not given as much credit as you applied for?

|  |  |  |  |
| --- | --- | --- | --- |
|  | Black and African American | All Other Minorities\* | White/Anglo/Caucasian |
| No, not turned down | 43% | 52% | 62% |
| Yes, turned down | 49% | 36% | 30% |
| Yes, not as much credit | 8% | 12% | 8% |

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

**Disability Related Barriers**

83% have a service-connected disability

51% does not feel supported by Medical & Disability Service Providers

29% indicate that service-connected disability creates obstacles in business ownership

**CAPITAL**

**Sources of Capital for Black & African American veteran entrepreneurs**

82% needed capital to start/grow their business (69% whites)

18% did not need capital to start/ grow their business (31% whites)

TOP THREE SOURCES OF CAPITAL USED IN 2019 ARE:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Black and African American | All Other Minorities\* | White/Anglo/Caucasian |
| Personal/family savings of owner(s) | 58% | 77% | 42% |
| Personal credit card(s) | 36% | 39% | 23% |
| Business credit card(s) | 29% | 44% | 28% |

CREDIT CARDS

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%

CAPITAL FOR DIFFERENT STAGES

STARTUP

59% needed less than $25,000 to start 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

**SUPPORT AND RESOURCES FOR ENTREPRENEURSHIP**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Black and African American | All Other Minorities\* | White/Anglo/Caucasian |
| Have a sense of belonging to their local community | 59% | 61% | 66% |
| Can find people in their local community to relate to | 59% | 62% | 71% |
| Feel supported by their local community | 39% | 47% | 52% |

**Entrepreneurship Resource Needs in Local Communities**

48% did not know about local incubators and accelerators in their local area, out of those that knew:

28% indicate the resource need improvement, 37% indicate this resource is sufficient, and 35% indicate this resource is outstanding

62% know about college/university academic program in their local area, out of those that knew:

25% indicate the resource need improvement, 49% indicate this resource is sufficient, and 27% indicate this resource is outstanding

81% know about SBA resources (SBDC, WBDC, VBOC, etc.) in their local area, out of those that knew:

29% indicate the resource need improvement, 44% indicate this resource is sufficient, and 27% indicate this resource is outstanding

81% know about networking and engaging with other military-affiliated business owners, out 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**

57% feel that military has prepared them for their business challenges associated with COVID-19 pandemic

|  |  |  |  |
| --- | --- | --- | --- |
|  | Black and African American | All Other Minorities\* | White/Anglo/Caucasian |
| Military did not prepare | 14% | 15% | 15% |
| Military somewhat prepared | 29% | 21% | 17% |
| Military did prepare  | 57% | 64% | 68% |

90% were able to adapt their business during the pandemic

83% were been to accommodate (themselves or my 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

**CLOSURE DURING COVID-19**

68% indicate that they do not anticipate closing their business (*68% all other minorities and 68% whites*).

|  |  |  |  |
| --- | --- | --- | --- |
| Of those that anticipate closing: | Black and African American |  |  |
| Can operate for less than 3 months | 14% |  |  |
| Can operate between 3-12 months | 48% |  |  |
| Can operate more than a year | 38% |  |  |

TOP RESOURCE NEEDS DURING COVID-19

61% are aware of the resources available to them/their business during the pandemic (60% all other minorities and 68% whites).

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

CARES ACT’S PAYROLL PROTECTION PROGRAM (PPP):

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

CARES ACT’S ECONOMIC INJURY DISASTER LOAN (EIDL):

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

SUPPORT DURING THE PANDEMIC

|  |  |
| --- | --- |
|  | Black and African American |
| Believe that their business has NOT been supported by the local government during the pandemic | 54% |
| Believe that their business has NOT been supported by the state government during the pandemic | 56% |
| Believe that their business has NOT been supported by the local community | 49% |
| Believe that their business HAS BEEN supported by the federal government during the pandemic | 45% |

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, and Technical Services Industry

ABOUT 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, 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 postservice lives of those who have served in America’s armed forces and their families. For more information, visit ivmf.syracuse.edu.

In Collaboration with Whitman School of Management

The Martin J. Whitman School of Management at Syracuse University inspires students for a world of accelerating change. Offering B.S., MBA, M.S. and Ph.D. programs, all accredited by the Association to Advance Collegiate Schools of Business (AACSB), the Whitman School’s faculty includes internationally known scholars and researchers, as well as successful entrepreneurs and business leaders. Whitman continues to be ranked among the nation’s top business schools by U.S. News & World Report and Bloomberg Businessweek. To learn more about the Whitman School of Management, visit Whitman.syr.edu.

SUGGESTED CITATION

Maury, R.; Tihic, M., Almissalati, N. (2021). Data Brief: Black & African American Veteran Entrepreneurs. Syracuse, NY: Institute for Veterans and Military Families, Syracuse University.

COPYRIGHT

© 2021, IVMF at Syracuse University. This content may be distributed freely for educational and research uses as long as this copyright notice is attached. No commercial use of this material may be made without express written permission.