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A REPORT TO THE PRESIDENT

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**Chapter 5**  
**Characteristics of Veteran**  
**Business Owners and**  
**Veteran-owned Businesses**



# 5 Characteristics of Veteran Business Owners and Veteran-owned Businesses

## Synopsis

The new Characteristics of Veteran-Owned Businesses (CVOB) and Characteristics of Veteran Business Owners (CVBO), produced by the U.S. Department of Commerce, Bureau of the Census (Census) are the most important new data on veterans and service-disabled veterans in business since an earlier report based on 1992 data. The scope of the new reports is also much broader, representing the most detailed information on veterans in business ever released by Census.

The data show the following about veteran business owner respondents to the Census surveys:

- They are overwhelmingly male (97.3 percent), non-Hispanic (97.7 percent) and White (95.5 percent).
- They tend to be older than all business owners (68 percent over age 55).
- They tend to be better educated than other business owners, being more likely to have postgraduate degrees and less likely not to have graduated from high school.
- More than half of employer veteran respondents reported working an average of more than 40 hours per week.
- The business was the primary source of personal income for 50.9 percent of all owners, 47.5 percent of all veteran owners, and 44.1 percent of all service-disabled veteran owners of the respondent firms.

With respect to the firms owned by veteran respondents, the data show, among other characteristics:

- Veteran-owned businesses are older than all U.S. firms generally.
- In terms of sales/receipts, both veteran-owned respondent firms and all respondent firms were nearly identical and they were similar in terms of employment size.

- Of veteran-owned respondent businesses, 51.8 percent reported operating from the owner's home, compared with 49.4 percent of all respondent businesses.
- Of veteran-owned respondent firms, 15.7 percent reported being family-owned and another 75.2 percent reported having only one owner, compared with 23.4 percent family ownership and 63.6 percent sole ownership reported by all respondent firms.

## Introduction

Veterans of the armed forces are represented in every walk of life in the United States. Veterans are a vital part of the nation's population, the labor force, and the business sector. In 2005, the more than 24 million veterans of the armed forces represented one out of every nine persons in the United States aged 20 and over.<sup>1</sup> Veterans are an important group of entrepreneurs, and many veteran business owners have gained important skills from their active and reserve duty service that often are directly relevant to business ownership.

Businesses owned by veterans and by service-disabled veterans have been the subject of a special research effort by the U.S. Small Business Administration's Office of Advocacy since the enactment of the Veterans Entrepreneurship and Small Business Development Act of 1999.<sup>2</sup> Although considerable knowledge exists about the small business community as a whole, and there are also many sources of data about veterans, information on the intersection of these two populations has remained surprisingly elusive.

In recent years, the Office of Advocacy has been working to help fill this knowledge gap. It has commissioned a number of studies about veteran entrepreneurship issues, and it continues to work with other federal agencies to add value to existing data sources that may have veteran "markers" but have not been used to develop information on veterans in business. Advocacy-commissioned studies have found that:

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1 U.S. Census Bureau, *2007 Statistical Abstract of the United States*, Tables 11 and 507, both accessible at <http://www.census.gov/compendia/statab/>.

2 Public Law 106-50; August 17, 1999.

- About 22 percent of veterans in the U.S. household population were either purchasing or starting a new business, or considering doing so.<sup>3</sup>
- Almost 72 percent of these new veteran entrepreneurs planned to employ at least one person at the outset of their venture.<sup>4</sup>
- About 23 percent of current veteran business owners, and 32 percent of those planning or in the process of starting a new business, indicated that their venture would be 50 percent or more Internet-dependent.<sup>5</sup>
- Military service appears to have provided necessary business skills to a significant proportion (one-third or more) of both current veteran business owners and those planning to become owners.<sup>6</sup>
- The self-employment rate of male veterans was higher than that of non-veterans from 1979 through 2003 (the last year covered in the study), at which time it was 13.7 percent (including both unincorporated and incorporated self-employment).<sup>7</sup>
- Veterans with service-connected disabilities are self-employed at lower rates than veterans without such disabilities, when all veterans, including those not in the active labor force, are included in the calculation. Most of this rate differential is attributable to service-disabled veterans not working because of their disabilities.<sup>8</sup>
- Computer use is correlated with higher self-employment rates among all veterans.<sup>9</sup>

Other Advocacy-sponsored research found that both the number and dollar amount of federal contracts to small businesses owned by veterans were understated in the official government reporting system during the study

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3 Waldman Associates, 2004; *Entrepreneurship and Business Ownership in the Veteran Population*; report and research summary at <http://www.sba.gov/advo/research/rs242tot.pdf>.

4 Ibid.

5 Ibid.

6 Ibid.

7 Fairlie, Robert W., 2004; *Self-Employed Business Ownership Rates in the United States: 1979-2003*; report and research summary at <http://www.sba.gov/advo/research/rs243tot.pdf>.

8 Open Blue Solutions, 2007; *Self-Employment in the Veteran and Service-Disabled Veteran Population*; report and research summary at <http://www.sba.gov/advo/research/rs291tot.pdf>.

9 Ibid.

period,<sup>10</sup> and that better efforts were needed to improve the quality of data on veteran-owned firms, both to capture unidentified veteran ownership status and to ensure the accuracy of the veteran status markers in existing data sources.<sup>11</sup> This research also recommended that surveys conducted by both government agencies and private sector organizations should include identifiers for veteran status and service-disabled veteran status in their survey instruments.<sup>12</sup>

The complete reports on the research projects, their accompanying summaries, and earlier Advocacy-sponsored research on veteran entrepreneurship issues can be accessed at <http://www.sba.gov/advo/research/veterans.html>.

## New Data on Veterans in Business from the Census Bureau

In July 2007, Census released two new reports on veterans in business, based on data collected in the agency's 2002 Survey of Business Owners and Self-Employed Persons (SBO), part of the Economic Census conducted every five years.<sup>13</sup> Two new reports, *Characteristics of Veteran-Owned Businesses* (CVOB) and *Characteristics of Veteran Business Owners* (CVBO), contain the most important new data from Census on veterans in business since an earlier report based on 1992 data. The scope of the new reports is also much broader than that of the 1992 report, representing the most detailed information on veterans in business ever released by Census.<sup>14</sup>

This chapter relies largely on data from the Census Bureau's new veterans reports based on the 2002 SBO. The SBO included questions on veteran status and on whether responding veteran business owners had a service-connected disability. Data in the veterans reports is generally presented in terms

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10 Eagle Eye Publishers Inc., 2004; *Characteristics of Federal Government Procurement Spending With Veteran-Owned Businesses: FY 2000 – FY 2003* (3Q); report and research summary at <http://www.sba.gov/advo/research/rs239tot.pdf>.

11 Office of Advocacy, 2004; *Evaluating Veteran Business Owner Data*; report and research summary at <http://www.sba.gov/advo/research/rs244tot.pdf>.

12 Ibid.

13 The SBO is a quinquennial survey first conducted in its present form in 2002. The SBO incorporates many of the purposes and survey questions of three predecessor surveys: the Survey of Minority-Owned Business Enterprises (SMOBE), the Survey of Women-Owned Business Enterprises (SWOBE), and the 1992 Characteristics of Business Owners (CBO) survey. The SMOBE/SWOBE surveys continued in 1997, while the CBO was discontinued after 1992.

14 The new reports, together with accompanying summaries, press releases, and charts are all available at <http://www.census.gov/csd/sbo/veteran2002.htm>.

of numbers of respondents and the percentages that various cohorts represent among all respondent firms or owners. To be counted as a respondent, the survey recipient had to answer certain key questions, including those on gender, ethnicity, race, and in the case of the CVOB and CVBO reports, the question relating to veteran status.<sup>15</sup>

Not all survey recipients answered these key questions, and the numbers reported in the new reports have not been adjusted upward to account for nonrespondents to the required key questions. Accordingly, the reported numbers of both respondent veteran business owners and respondent veteran-owned firms do not represent the total numbers of such owners or firms in the United States, respondents and nonrespondents alike, but are understated by some factor attributable to nonrespondents.<sup>16</sup>

Because the numbers of reported respondent veteran owners and veteran-owned firms understate the total numbers of these individuals and firms in the U.S. economy, most of the analysis here will use the reported percentages of the various cohorts within the total respondent populations. This follows the practice of the Census Bureau itself in the summary documents provided with the release of the new veterans reports. These percentages could be used in conjunction with other known data on small businesses to develop estimates of the actual numbers of veteran-owned firms; however, as this edition of *The Small Business Economy* was being finalized, statistical procedures had not been conducted to determine whether nonrespondents would have the same characteristics as actual respondents. Accordingly, nonresponse bias remains a possibility whenever extrapolations or generalizations are made about all veteran business owners or veteran-owned firms, beyond those characterized as respondents in the CVOB and CVBO (e.g., by applying the reported veteran percentages to other data sources).

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15 Additional technical information on the SBO instruments and methodology is available at <http://www.census.gov/econ/census02/text/sbo/cbomethodology.htm>.

16 For example, the 2002 SBO estimate of “all respondent firms” in which the business “returned the survey and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly owned” (the condition required to be included in the data tabulations) was 16,687,539. However, in other widely used Census reports, the agency estimated that there were 5.698 million employer firms in 2002 (<http://www.census.gov/epcd/susb/2002/us/US--.HTM>) and that there were 17.646 million nonemployer firms (<http://www.census.gov/epcd/nonemployer/2002/us/US000.HTM>) in the same year, resulting in a total of 23.344 million firms. The total number of U.S. firms appears to exceed the “all respondent firm” estimate by a factor of about 1.4 (23.344 / 16.688). Similarly, approximately 2.1 percent of respondents to the gender/ethnicity/race questions did not report on their veteran status, and about 6.0 percent of veteran respondents did not answer the disability question, thus further reducing the pool of those responding to all key questions.

Before moving to the new SBO data, a few remarks on the general veteran population during the survey year of 2002 are in order. In 2002, the 25.6 million veterans in the United States accounted for 12.4 percent of the resident population aged 20 and over.<sup>17</sup>

In 2002, 93.5 percent of all veterans were men,<sup>18</sup> and 81.7 percent were White non-Hispanics.<sup>19</sup> Veterans tend to be older. In 2002, 47.3 percent of all veterans were 60 years old and over (Table 5.1).<sup>20</sup> This age distribution was primarily attributable to the large cohorts from the World War II and Korean conflict eras. In the same year, almost 9.4 percent of all veterans were disabled and receiving compensation.<sup>21</sup> In 2003, 9.5 percent of all the employed people in the United States were veterans, and veterans were less likely to be unemployed.<sup>22</sup>

## Analysis of Veteran Business Owners and Veteran-owned Businesses

The following analysis is based on data for an estimated 3 million U.S. military veterans who held business ownership interests in the firms that responded to the 2002 SBO, as reported in the SBO report *Characteristics of Veteran Business Owners* (CVBO) (Table 5.2). These veteran owners represent about 14.5 percent of an estimated 20.5 million total respondent business owners. The CVBO's accompanying report, *Characteristics of Veteran-Owned Businesses* (CVOB), includes data on an estimated 2 million firms with one or more veterans as majority interest owners. These veteran-owned firms represent more than 12.2 percent of the estimated 16.7 million total SBO respondent firms.

The 2002 SBO estimated that there were 812,000 veterans with ownership interests in respondent firms having paid employees (employers), and

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17 U.S. Census Bureau, *2003 Statistical Abstract of the United States*, Tables 11 and 530, both accessible at [http://www.census.gov/prod/www/statistical-abstract-2001\\_2005.html](http://www.census.gov/prod/www/statistical-abstract-2001_2005.html).

18 Ibid.

19 U.S. Department of Veterans Affairs, VetPop2004 Version 1.0, Table 5L: Veterans 2000-2033 by Race/Ethnicity, Gender, Period, Age; <http://www1.va.gov/vetdata/docs/VP2004B.htm>.

20 Op. cit., Note 17, Table 530.

21 Ibid., Tables 530 and 531.

22 Bureau of Labor Statistics, 2003 biennial Veterans Supplement to the Current Population Survey. See [http://www.bls.gov/news.release/archives/vet\\_07272004.pdf](http://www.bls.gov/news.release/archives/vet_07272004.pdf).

**Table 5.1 Veterans (Living) by Sex, Age, Disability Status, and Period of Service, 2002 (thousands)**

	Total veterans	Wartime veterans					Peacetime veterans
		Total <sup>1</sup>	Persian Gulf War	Vietnam era	Korean conflict	World War II	
Total veterans	25,618	19,157	3,573	8,293	3,733	4,762	6,461
<b>Sex</b>							
Male	23,963	18,073	3,017	8,027	3,646	4,552	5,890
Female	1,655	1,084	556	266	87	210	571
<b>Age</b>							
Under 35	2,213	2,050	2,050	— <sup>2</sup>	—	—	163
35-39	1,457	568	568	—	—	—	889
40-44	1,833	369	368	—	—	—	1,465
45-49	2,029	1,210	285	1,016	—	—	819
50-54	2,637	2,517	198	2,474	—	—	120
55-59	3,321	3,105	80	3,096	—	—	217
60-64	2,344	1,094	21	1,072	22	—	1,249
65 and over	9,784	8,245	5	636	3,710	—	1,539
Disabled <sup>3</sup>	2,398	1,823 <sup>4</sup>	419	799	165	440	575

<sup>1</sup>Veterans who served in more than one wartime period are counted only once in total.

<sup>2</sup>Represents or rounds to zero.

<sup>3</sup>Receiving compensation.

<sup>4</sup>Excludes world World I and previous service which have fewer than 500 veterans.

Source: U.S. Census Bureau Statistical Abstract of the United States, 2003, Tables 530 and 531, using data from the Department of Veterans Affairs. See <http://www.census.gov/prod/2004pubs/03statab/defense.pdf>.

2.2 million veterans with ownership interests in respondent firms with no paid employees (nonemployers) (Table 5.2).<sup>23</sup> Almost 194,000, or about 6.5 percent, of veteran business owners of respondent firms were disabled from injuries or illnesses incurred during active military service. Veterans (disabled and nondisabled) represent majority interest owners (i.e., own at least 51 percent of the stock or equity in the business) in about two-thirds of all respondent businesses. They are equal interest owners in about one-quarter of all respondent businesses. Table 5.3 sets forth detail on interest ownership among all owners of respondent firms.

<sup>23</sup> Firms were asked to report information about characteristics of up to three individuals with the largest share of ownership; additional owners were not surveyed about their characteristics. These data were first reported in another SBO report, *Characteristics of Business Owners* released in September, 2006; p. 25, Table 4. See <http://www.census.gov/prod/ec02/sb0200cscbo.pdf>.



**Table 5.2 Veteran Business Ownership by Gender, Hispanic or Latino Origin, and Race for Owners of Respondent Firms, 2002 (percent, except as noted)**

	Owners of respondent firms	Owners of employer respondent firms	Owners of nonemployer respondent firms
Veteran owners (number)	2,973,246	811,740	2,161,506
	100.0	27.3	72.7
<b>Gender</b>			
Male	97.3	98.3	97.0
Female	2.7	1.7	3.0
<b>Ethnicity</b>			
Hispanic	2.3	2.1	2.4
Non-Hispanic	97.7	97.9	97.6
<b>Race</b>			
White	95.5	97.3	94.9
Black	3.2	1.5	3.8
American Indian and Alaska Native	1.0	0.6	1.2
Asian	0.9	1.0	0.9
Native Hawaiian/ Other Pacific Islander	0.1	0.1	0.1

Note: All estimates are based on owners of firms that responded to the SBO, both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s). Detail may not add to total because an Hispanic or Latino firm owner may be of any race. Moreover, each owner had the option of selecting more than one race and therefore is included in each race selected. Percentages represent the percentage of owners of firms in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran Business Owners*, Summary Table A. See [http://www.census.gov/csd/sbo/vetownsummaryoffindingsTable\\_A.pdf](http://www.census.gov/csd/sbo/vetownsummaryoffindingsTable_A.pdf).

## *Characteristics of Veteran Business Owners*

### **Gender, Ethnicity, and Race**

The Census report includes data on the gender, ethnicity, and race characteristics of all interest owners of SBO respondent firms (Table 5.4).<sup>24</sup> Veteran owners of respondent firms are overwhelmingly male (97.3 percent), non-Hispanic (97.7 percent) and White (95.5 percent). Black veteran firm owners represent 3.2 percent of all owners; 2.3 percent are Hispanic; 1.0 percent

<sup>24</sup> A respondent firm is defined as a business that returned the survey form and provided gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated the firm was publicly held. Unless indicated, all references to firms or businesses in this section are to “respondent firms or businesses.”

**Table 5.3 Owners of Respondent Firms by Owner's Veteran Status and Business Interest, 2002 (percent except as noted)**

	Owners of respondent firms	Owners of respondent firms with employees	Owners of respondent nonemployer firms
All owners (number)	20,526,725	5,574,044	14,954,681
Majority interest owners	64.1	48.6	69.9
Equal interest owners	27.4	29.1	26.7
Nonmajority interest owners	8.6	22.3	3.4
Veteran owners (number)	2,973,246	811,740	2,161,506
Majority interest owners	66.2	55.9	70.1
Equal interest owners	26.8	25.8	27.1
Nonmajority interest owners	7.1	18.3	2.8
Service-disabled veteran (number)	193,750	37,521	156,229
Majority interest owners	68.8	59.2	71.1
Equal interest owners	26.5	27.1	26.3
Nonmajority interest owners	4.7	13.7	2.6
Non service-disabled veteran (number)	2,600,043	724,445	1,875,598
Majority interest owners	65.8	55.5	69.8
Equal interest owners	26.9	25.8	27.3
Nonmajority interest owners	7.3	18.7	2.9
Nonveteran (number)	17,114,631	4,566,839	12,547,792
Majority interest owners	64.1	47.7	70.1
Equal interest owners	27.3	29.6	26.5
Nonmajority interest owners	8.6	22.7	3.4

See <http://www.census.gov/prod/ec02/sb0200cscbo.pdf>. Note: All estimates are based on owners of firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s). No detail is provided on respondents who did not report veteran or disability status. Percentage columns represent the percentage of owners of firms in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Business Owners*; p. 25, Table 4.

**Table 5.4 Business Ownership by Veteran Status, Gender, Hispanic Origin, and Race for Owners of Respondent Firms, 2002 (percent)**

Owner characteristics	Owners of respondent firms		Owners of respondent firms with employees			Owners of respondent firms without employees		
	All	Veteran	All	Veteran	Nonveteran	All	Veteran	Nonveteran
<b>Gender</b>								
Male	64.5	97.3	58.8	73.0	98.3	68.5	61.3	97.0
Female	35.5	2.7	41.2	27.0	1.7	31.5	38.7	3.0
<b>Ethnicity</b>								
Hispanic	5.3	2.3	5.8	3.8	2.1	4.1	5.9	2.4
Non-Hispanic	94.7	97.7	94.2	96.2	97.9	95.9	94.1	97.6
<b>Race</b>								
White	91.7	95.5	91.0	92.6	97.3	91.8	91.3	94.9
Black	3.5	3.2	3.5	1.5	1.5	1.5	4.2	3.8
American Indian and Alaska Native	0.8	1.0	0.8	0.5	0.6	0.5	1.0	1.2
Asian	4.6	0.9	5.3	5.7	1.0	6.6	4.2	0.9
Native Hawaiian and Other Pacific Islander	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Note: All estimates are based on owners of firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s). Detail may not add to total because an Hispanic or Latino firm owner may be of any race. Moreover, each owner had the option of selecting more than one race and therefore is included in each race selected. Percentages represent the percentage of owners of firms in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran Business Owners*; pp. 1-3, Table 1. See <http://www.census.gov/csd/sbo/sb0200csveteranown.pdf>.

are American Indians or Alaska Natives; and less than one percent are either Asians, Native Hawaiians, or other Pacific Islanders.

## Age

Veteran and service-disabled veteran business owners responding to the 2002 SBO tended to be older than all business owners (Table 5.5). In 2002, 67.8 percent of the veteran business owners were age 55 and over, with 35.7 percent between the ages of 55 and 64, and 32.1 percent age 65 and older. Among service-disabled veteran business owners, 57.2 percent were age 55 and over, with 30.7 percent ages 55 through 64, and 26.5 percent age 65 years old and over. In contrast, 30.9 percent of all business owners were age 55 and over, with 20.0 percent of these owners between the ages of 55 and 64, and 10.9 percent age 65 and over.

## Education

Veterans tend to be better educated than other business owners (Table 5.6). In 2002, veteran firm owners were about as likely as all owners of respondent firms to have either bachelor or postgraduate degrees (40.7 percent of veterans compared with 40.1 percent of all). But they were more likely to have postgraduate degrees (19.2 percent and 17.3 percent, respectively) and less likely not to have graduated from high school (4.3 percent and 6 percent, respectively).

A specific comparison of veteran, service-disabled veteran, and all business owners by education level finds that in 2002, 67.8 percent of the veteran owners of respondent firms had at least some college education at the time they started or acquired ownership in their business. Over 21 percent had some college but no degree; 5.9 percent had an associate's degree; 21.5 percent had a bachelor's degree; and 19.2 percent had a master's, doctorate, or professional degree.

Among service-disabled veteran owners of respondent firms, 69.7 percent had at least some college education. Over 25 percent had some college but not a degree; 8.5 percent had an associate's degree; 17.9 percent had a bachelor's degree; and 18.2 percent had a master's, doctorate, or professional degree.

In contrast, only 63.9 percent of all owners of respondent businesses had at least some college education. Over 18 percent had some college or no college degree; 5.6 percent had an associate's degree; 22.8 percent had a bachelor's degree; and 17.3 percent had a master's, doctorate, or professional degree.

**Table 5.5 Business Ownership by All Owners, Veteran Owners, and Service-Disabled Veteran Owners of Respondent Firms by Owner's Age, 2002 (percent)**

Owner's age	Owners of all respondent firms			Owners of respondent firms with employees			Owners of respondent firms without employees		
	All	Veteran	Service-disabled veteran	All	Veteran	Service-disabled veteran	All	Veteran	Service-disabled veteran
Under 25	2.2	0.2	0.4	0.5	-	0.2	2.8	0.2	0.4
25 to 34	11.6	2.9	5.1	7.5	1.6	3.0	13.1	3.4	5.6
35 to 44	23.9	8.0	10.6	24.7	6.8	9.3	23.6	8.4	10.9
45 to 54	28.6	19.7	25.0	32.4	20.6	25.5	27.1	19.3	24.9
55 to 64	20.0	35.7	30.7	21.8	40.2	35.3	19.4	34.0	29.6
65 or over	10.9	32.1	26.5	10.2	29.3	25.1	11.1	33.1	26.8
Item not reported	2.8	1.5	1.7	2.8	1.3	1.5	2.8	1.5	1.7

Note: All estimates are based on owners of firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s). Percentages represent the percentage of owners of firms in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran Business Owners*; p. 4, Table 2. See <http://www.census.gov/csd/sbo/sb0200csveteranown.pdf>.

**Table 5.6 Business Ownership by All Owners, Veteran Owners, and Service-Disabled Veteran Owners of Respondent Firms by Owner's Educational Background, 2002 (percent)**

Owner's education	Owners of respondent firms			Owners of respondent firms with employees			Owners of respondent firms without employees		
	All	Veteran	Service-disabled veteran	All	Veteran	Service-disabled veteran	All	Veteran	Service-disabled veteran
Less than high school graduate	6.0	4.3	4.3	3.8	3.2	4.2	6.9	4.7	4.4
High school graduate, diploma or GED	21.2	20.8	18.5	20.5	19.5	16.2	21.4	21.3	19.0
Technical, trade, or vocational school	7.1	6.4	7.1	6.0	5.7	6.8	7.5	6.6	7.1
Some college, but no degree	18.2	21.2	25.1	17.2	19.5	21.9	18.6	21.8	25.9
Associate's degree	5.6	5.9	8.5	5.0	5.1	7.0	5.8	6.3	8.8
Bachelor's degree	22.8	21.5	17.9	24.7	23.1	19.9	22	20.9	17.4
Master's, doctorate or professional degree	17.3	19.2	18.2	20.5	23.2	23.4	16.2	17.7	16.9
Item not reported	1.7	0.7	0.4	2.2	0.7	0.7	1.5	0.7	0.4

Note: All estimates are based on owners of firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s). Percentages represent the percentage of owners of firms in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran Business Owners*; p. 5, Table 3. See <http://www.census.gov/cssd/sbo/sb0200csveteranown.pdf>.

## Hours Worked in Business

More than half (50.8 percent) of the veteran owners of employer respondent firms reported working an average of 41 hours or more per week in 2002 (Table 5.7). Similar percentages were reported for service-disabled veteran owners of employer firms (53.9 percent) and all owners of employer firms (50.5 percent).

## Owner's Primary Function in the Business

An estimated 52.1 percent of all owners of respondent companies reported “producing this business’s goods/services” as the owner’s primary function; 52.8 percent had “managing day-to-day operations” as a primary function (Table 5.8).<sup>25</sup> Corresponding percentages for veteran business owners were 54.4 percent and an identical 54.4 percent, respectively; and for service-disabled veteran firm owners, 56.7 percent and 55.6 percent, respectively.

## Primary Source of Income

Respondents reported that the business was the owner’s primary source of personal income for 50.9 percent of all owners of respondent firms, 47.5 percent of all veteran owners of respondent firms, and 44.1 percent of all service-disabled veteran owners of respondent firms (Table 5.9). Among owners of employer firms, 69.5 percent of all owners, 69.1 percent of veteran owners, and 66.0 percent of service-disabled veteran owners reported that their business income was their primary source of personal income. Owners of nonemployer firms reported somewhat lower reliance on their business income, with 43.9 percent of all owners, 39.4 percent of veteran owners, and 38.9 percent of service-disabled veteran owners indicating that it was their primary source of personal income.

## *Characteristics of Veteran-owned Businesses*

Turning now from veteran business owners to the firms themselves, the SBO data indicate that businesses owned by veterans are nearly identical to all respondent firms in terms of receipts and the employment size (Figures

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<sup>25</sup> SBO respondents could assign their owners more than one primary function.

**Table 5.7 Business Ownership by All Owners, Veteran Owners, and Service-Disabled Veteran Owners of Respondent Firms by Owner's Average Number of Hours Spent Managing or Working in Business, 2002 (percent)**

Owner's average number of hours spent managing or working in the business	Owners of all respondent firms				Owners of respondent firms with employees				Owners of respondent firms without employees			
	All		Service-disabled veteran		All		Service-disabled veteran		All		Service-disabled veteran	
	6.8	30.1	6.1	31.0	7.1	13.1	6.0	13.2	6.7	36.4	6.2	37.6
None	6.8	30.1	6.1	31.0	7.1	13.1	6.0	13.2	6.7	36.4	6.2	37.6
Less than 20 hours	17.7	18.1	20.0	20.0	12.7	14.3	14.3	15.0	19.5	19.5	19.5	21.2
20 to 39 hours	10.8	10.0	8.5	8.5	13.8	13.6	13.6	10.6	9.7	8.6	8.6	7.9
40 hours	20.1	20.0	18.0	18.0	31.0	31.1	31.1	27.5	16.0	15.9	15.9	15.7
41 to 59 hours	12.9	13.6	16.2	16.2	19.5	19.7	19.7	26.4	10.4	11.3	11.3	13.7
60 hours or more	1.7	1.1	1.0	1.0	2.9	1.8	1.8	1.9	1.2	0.8	0.8	0.8
Item not reported												

Note: All estimates are based on owners of firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s). Percentages represent the percentage of owners of firms in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran Business Owners*; p. 6, Table 4. See <http://www.census.gov/cssd/sbo/sb0200csveteranown.pdf>.



**Table 5.8 All Owners, Veteran Owners, and Service-Disabled Veteran Owners of Respondent Firms by Owner's Primary Function in Business, 2002 (percent of business ownership)**

Owner's primary function in the business	Owners of all respondent firms			Owners of respondent firms with employees			Owners of respondent firms without employees		
	All	Veteran	Service-disabled veteran	All	Veteran	Service-disabled veteran	All	Veteran	Service-disabled veteran
Producing firm's goods/services	52.1	54.4	56.7	46.6	49.6	52.1	54.2	56.2	57.8
Managing day-to-day operations	52.8	54.4	55.6	63.0	64.0	68.1	49.0	50.8	52.6
Financial control with authority to sign loans, leases and contracts	39.5	42.8	41.2	54.1	57.3	59.0	34.1	37.3	37.0
None of the above	17.1	14.7	14.9	10.9	9.1	7.8	19.4	16.8	16.6
Item not reported	1.6	1.0	1.2	1.9	0.8	1.0	1.6	1.1	1.2

Note: All estimates are based on owners of firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s). Percentages represent the percentage of owners of firms in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran Business Owners*, p. 7, Table 5. See <http://www.census.gov/csd/sbo/sb02000cveteranownr.pdf>.

**Table 5.9 All Owners, Veteran Owners, and Service-Disabled Veteran Owners of Respondent Firms by Whether Business Provided Owner's Primary Source of Income, 2002 (percent of business ownership)**

Owner's primary source of personal income?	Owners of all respondent firms			Owners of respondent firms with employees			Owners of respondent firms without employees		
	All	Veteran	Service-disabled veteran	All	Veteran	Service-disabled veteran	All	Veteran	Service-disabled veteran
Yes	50.9	47.5	44.1	69.5	69.1	66.0	43.9	39.4	38.9
No	46.9	51.0	54.1	28.3	30.0	33.0	53.8	59.0	59.2
Item not reported	2.2	1.4	1.7	2.1	0.9	1.0	2.2	1.6	1.9

Note: All estimates are based on owners of firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s). Percentages represent the percentage of owners of firms in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran Business Owners*; p. 8, Table 6. See <http://www.census.gov/csd/sbo/sb0200csveteranownr.pdf>.

5.1 and 5.2).<sup>26</sup> The largest percentage shares of both veteran-owned and all businesses (about 60 percent of firms in each category) were concentrated in the same five business sectors: professional, scientific, and technical services; construction; other services; retail trade; and real estate and rental and leasing (Figure 5.3). Health care and social assistance is also an important business sector for veteran-owned and all businesses.

Despite these similarities, the SBO's *Characteristics of Veteran-Owned Businesses* (CVOB) report did provide insight on a number of important differences between veteran-owned firms and all firms, often related to the older age profile of the veteran community. The balance of this chapter will look at some of the characteristics of these firms.

## Age of Veteran-owned Businesses

Overall, veteran-owned businesses are older than all U.S. firms generally. In 2002, 54.6 percent of veteran-owned businesses with paid employees and 33.1 percent of veteran-owned businesses without paid employees reported that their businesses were acquired before 1990 (Table 5.10). In contrast, 35.7 percent of all respondent firms with employees and 20.8 percent of firms with no paid employees were in business before 1990.

Compared with all firms, however, smaller percentages of veteran-owned businesses were acquired after 1999. About 8.6 percent of veteran-owned firms with employees and 19.1 percent of veteran-owned firms without employees reported that their businesses were acquired after 1999, compared with 14.6 percent of all firms with employees and 26.6 percent of all firms without employees.

## Size of Veteran-owned Businesses by Receipts/Sales

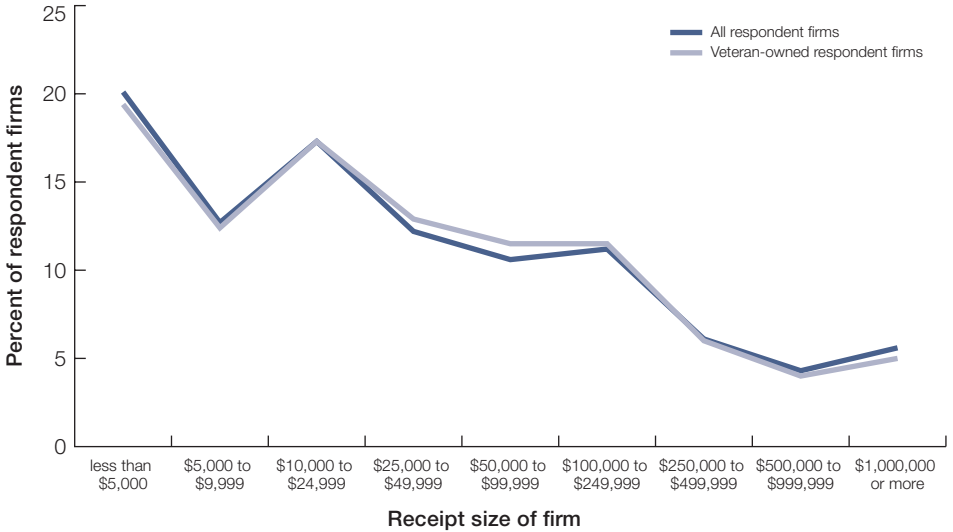
In sales/receipts sizes, veteran-owned and all respondent firms were nearly identical (Table 5.11). This was true for firms both with and without employees. For example, in 2002 about 11 percent of both all firms and all veteran-owned firms had receipts in the range of \$100,000-\$249,000.

As would be expected, respondent employer firms tended to have greater receipts than firms without employees, and larger shares of employees were

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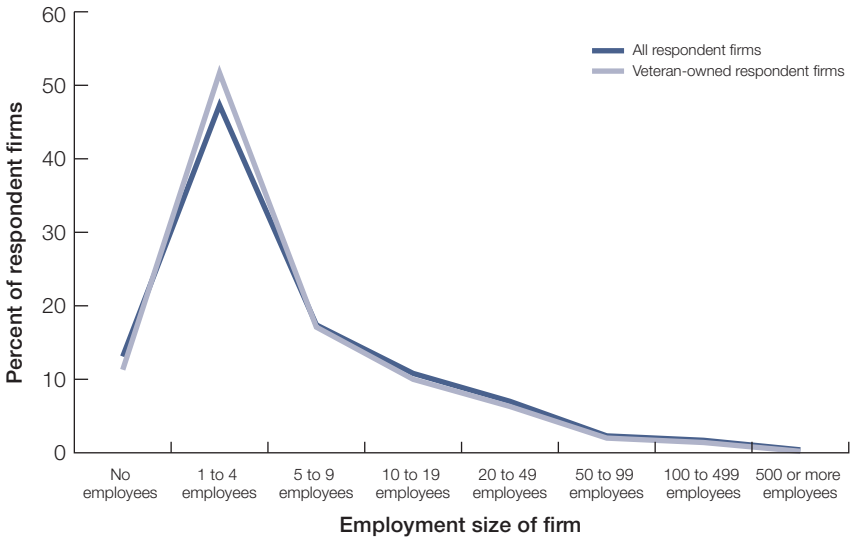
<sup>26</sup> These data on veteran-owned firms and veteran owners are only representative of respondent firms (other than publicly held and other firms whose owners' characteristics are indeterminate) that answered the veteran ownership question. No adjustments are made to the data to account for nonresponse to the veteran ownership question.

**Figure 5.1 - Percentage Distribution of Respondent Firms by Receipt Size, 2002**



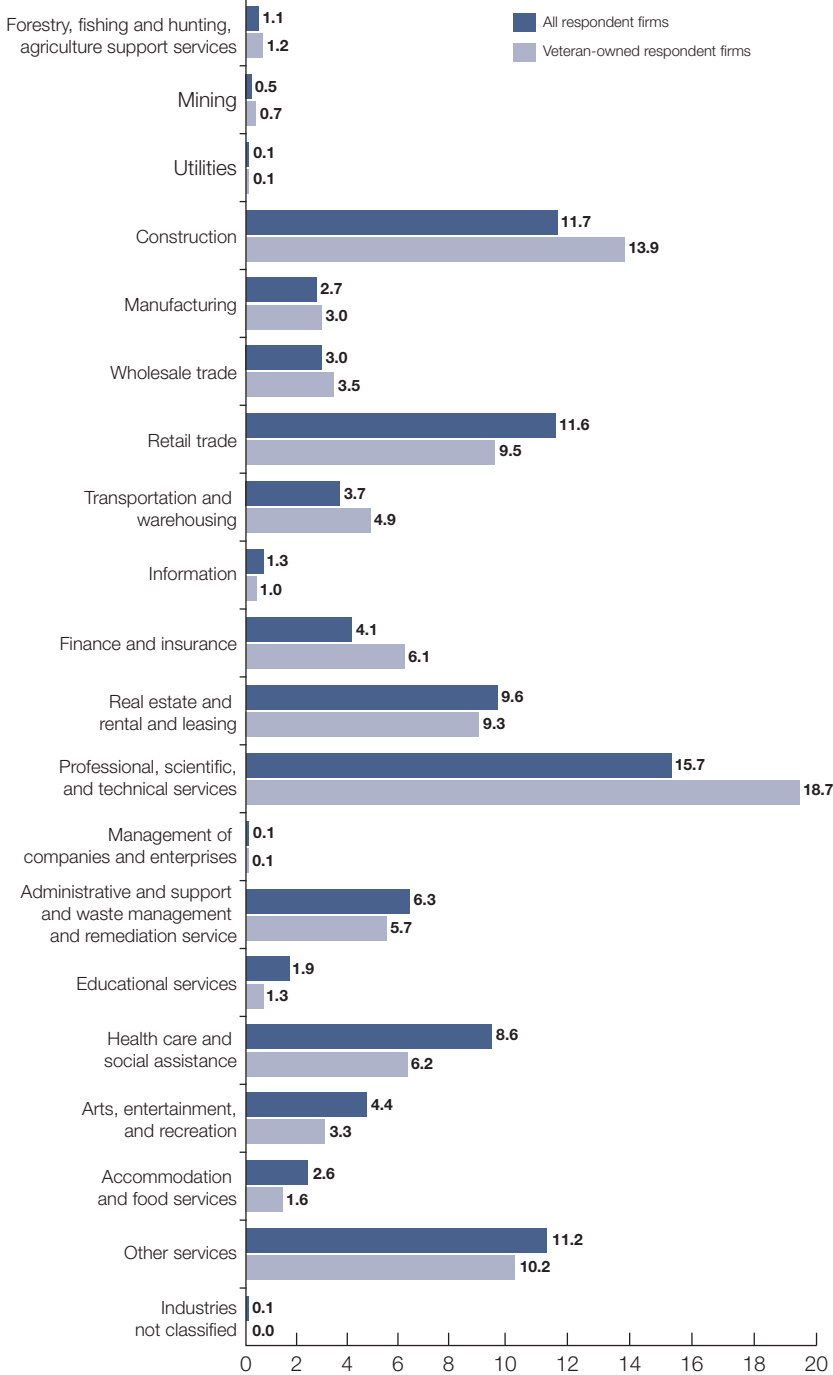
Source: U.S. Census Bureau, 2002 Survey of Business Owners.

**Figure 5.2 - Percentage Distribution of Respondent Firms by Employer Size, 2002**



Source: U.S. Census Bureau 2002 Survey of Business Owners.

**Figure 5.3 - Percentage Distribution of Respondent Firms by Kind of Business, 2002**



Source: U.S. Census Bureau, 2002 Survey of Business Owners.

**Table 5.10 All Respondent Firms and Respondent Firms With One or More Veterans as Majority Interest Owners by Year in which Owner(s) Established, Purchased, or Acquired the Business, 2002 (percent)**

Year business established, purchased, or acquired	Respondent firms		Respondent firms with employees		Respondent firms without employees	
	All firms	Firms with veteran owners	All firms	Firms with veteran owners	All firms	Firms with veteran owners
Before 1980	10.2	21.3	15.9	32.6	8.4	17.8
1980 to 1989	14.2	16.9	19.8	22.0	12.4	15.3
1990 to 1996	17.7	16.5	20.7	16.7	16.7	16.4
1997	3.8	3.1	4.2	2.8	3.7	3.2
1998	4.2	3.4	4.2	2.8	4.2	3.6
1999	5.1	3.7	4.8	3.1	5.2	3.9
2000	6.4	4.6	5.3	3.2	6.8	5.1
2001	7.2	4.9	5.1	3.0	7.9	5.6
2002	10.1	6.9	4.2	2.4	11.9	8.4
Item not reported	21.1	18.6	15.7	11.6	22.8	20.7

Note: All estimates are based on firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held. Firms with more than one domestic establishment are counted only once. Percentages represent the percentage of firms reporting in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran-Owned Businesses*; p. 1, Table 1. See <http://www.census.gov/csd/sbo/sb0200csveteranbus.pdf>.

found in the higher receipts size classes. More than 20 percent of both all employer firms and veteran-owned employer firms responding to the SBO had receipts of \$1 million or more. The opposite was the case for firms without employees. When employers and nonemployers are taken together, the proportions of all respondent firms and all veteran-owned respondent firms reporting in each receipt size class decreased as the receipt size categories increased.

## Size of Veteran-owned Businesses by Number of Employees

Businesses owned by veterans tended to be very similar to all respondent businesses in their employment sizes (Table 5.12). All respondent firms were slightly more likely to have no employees than respondent veteran-owned businesses—13.1 percent and 11.3 percent, respectively.

While more than half (51.7 percent) of all respondent veteran-owned businesses had 4 or fewer employees, 47.3 percent of all respondent firms were in

**Table 5.11 All Respondent Firms and Respondent Firms With One or More Veterans as Majority Interest Owners by Receipt Size of Firm, 2002 (percent)**

Sales/receipts size of business	Respondent firms		Respondent firms with employees		Respondent firms without employees	
	All firms	Firms with veteran owners	All firms	Firms with veteran owners	All firms	Firms with veteran owners
Less than \$5,000	20.1	19.4	0.7	0.8	26.4	25.2
\$5,000 to \$9,999	12.7	12.4	1.0	1.0	16.4	16.0
\$10,000 to \$24,999	17.3	17.3	3.2	3.4	21.8	21.6
\$25,000 to \$49,999	12.2	12.9	5.4	5.6	14.4	15.1
\$50,000 to \$99,999	10.6	11.5	10.9	11.7	10.5	11.4
\$100,000 to \$249,999	11.2	11.5	23.2	24.0	7.2	7.6
\$250,000 to \$499,999	6.1	6.0	18.6	18.7	2.1	2.0
\$500,000 to \$999,999	4.3	4.0	14.6	14.2	1.0	0.8
\$1,000,000 or more	5.6	5.0	22.3	20.6	0.2	0.2

Note: All estimates are based on firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held. Firms with more than one domestic establishment are counted only once. Percentages represent the percentage of firms reporting in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran-Owned Businesses*; pp. 14-20, Table 2. See <http://www.census.gov/csd/sbo/sb0200csveteranbus.pdf>.

this employment size category. More than 99 percent of both all respondent firms and all veteran-owned respondent firms had fewer than 500 employees.

## Home-based Veteran-owned Businesses

In 2002, more than half (51.8 percent) of veteran-owned respondent businesses reported that they were operating from the owner's home, compared with 49.4 percent of all respondent businesses (Table 5.13). As expected, veteran-owned businesses without employees were more likely to be home-based than those with employees—60.8 percent and 22.9 percent, respectively. Percentages of home-based veteran-owned firms varied by kind of business, employer status, and size of firm in proportions similar to those of all home-based firms.

The largest proportions of home-based veteran-owned firms by kind of business were in construction (72.6 percent compared with 67.9 percent for

**Table 5.12 All Respondent Firms and Respondent Firms With One or More Veterans as Majority Interest Owners by Employment Size of Firm, 2002 (percent)**

Employment size of firm	Respondent firms	
	All firms	Firms with veteran owners
No employees	13.1	11.3
1 to 4 employees	47.3	51.7
5 to 9 employees	17.4	17.1
10 to 19 employees	10.8	10.0
20 to 49 employees	7.0	6.3
50 to 99 employees	2.3	2.0
100 to 499 employees	1.7	1.4
500 or more employees	0.4	0.2

Note: All estimates are based on firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held. Firms with more than one domestic establishment are counted only once. Percentages represent the percentage of firms reporting in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran-Owned Businesses*; 21-27, Table 3. See <http://www.census.gov/csd/sbo/sb0200csveteranbus.pdf>.

all firms) and administrative / support and waste management / remediation services (63.1 percent compared with 60.0 percent for all firms).<sup>27</sup>

## Family-owned Businesses

In 2002, 15.7 percent of veteran-owned respondent businesses reported that they were family-owned (Table 5.13). Another 75.2 percent reported that they had only one owner. This compares with a reported 23.4 percent for family ownership and 63.6 percent for sole owners among all respondent businesses. Although the combined family and sole ownership shares are similar between all firms and veteran-owned firms, the veteran-owned businesses appear to be more heavily weighted toward sole ownership.

Veteran-owned businesses with employees were slightly more likely to be family-owned than their counterparts without employees, 16.9 percent and 15.3 percent, respectively. Among respondent veteran-owned employer firms, 71.3 percent had only one owner compared with 76.4 percent of non-employer veteran-owned businesses.

<sup>27</sup> A complete breakout by industry (two-digit NAICS code) for home-based, family-owned, and franchised businesses is available in the SBO's "Characteristics of Veteran-Owned Businesses," Table 4, 28-40. See <http://www.census.gov/csd/sbo/sb0200csveteranbus.pdf>.



**Table 5.13 All Respondent Firms and Respondent Firms With One or More Veterans as Majority Interest Owners that Operated as a Home-Based, Family-owned, or Franchised Business, 2002 (percent)**

Type of operation	Respondent firms		Respondent firms with employees		Respondent firms without employees	
	All firms	Firms with veteran owners	All firms	Firms with veteran owners	All firms	Firms with veteran owners
<b>Home-based</b>						
Yes	49.4	51.8	22.1	22.9	58.3	60.8
No	46.5	44.3	74.8	75.1	37.3	34.7
Item not reported	4.1	3.9	3.1	2.0	4.4	4.5
<b>Family-owned</b>						
Yes	23.4	15.7	28.1	16.9	21.9	15.3
No	9.4	6.2	18.3	11.0	6.5	4.7
Only one owner	63.6	75.2	51.0	71.3	67.7	76.4
Item not reported	4.2	3.6	4.1	3.0	4.2	3.8
<b>Franchised</b>						
Yes	1.9	1.6	3.7	3.3	1.4	1.1
No	93.5	94.1	93.1	94.5	93.6	93.9
Item not reported	4.6	4.3	3.3	2.2	5.0	5.0

Note: All estimates are based on firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held. Firms with more than one domestic establishment are counted only once. Percentages represent the percentage of firms reporting in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran-Owned Businesses*; p. 28, Table 4. See <http://www.census.gov/csd/sbo/sb0200csveteranbus.pdf>.

The largest proportions of family-owned, veteran-owned firms by kind of business were in management of companies and enterprises (27.8 percent compared with 21.0 percent for all firms) and real estate and rental and leasing (25.3 percent compared with 33.2 percent for all firms).<sup>28</sup>

Family-owned businesses constituted 16.9 percent of veteran-owned firms with employees, with a lower incidence of family-owned businesses in the larger employment size categories. Family ownership was reported for 30.4 percent of veteran-owned firms with 50 to 99 employees, 26.5 percent with 100 to 499 employees, and 26.9 percent with 500 or more employees.<sup>29</sup>

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

## Franchised Veteran-owned Businesses

In 2002, 1.6 percent of veteran-owned respondent businesses were operated as franchises (Table 5.13). The largest proportions of franchised veteran-owned firms by kind of business were in management of companies and enterprises (13.5 percent compared with 8.6 percent for all firms) and in accommodation and food services (12.0 percent compared with 11.8 percent for all firms).

Franchised businesses constituted only 3.3 percent of respondent veteran-owned firms with employees. The incidence of franchised businesses was not necessarily higher for firms in the higher employment size categories. Almost 11 percent (10.7 percent) of veteran-owned firms with 50 to 99 employees, 13.0 percent with 100 to 499 employees, and 8.9 percent with 500 or more employees reported that they were franchises.<sup>30</sup>

## Capital Requirements

The share of veteran-owned respondent firms with owners who relied on personal or family assets for capital to start or acquire their firms was nearly the same as that for all respondent businesses (Table 5.14). Of the veteran-owned respondent businesses, 63.9 percent reported using “personal/family savings” and/or “other personal/family assets” as sources of capital to start or acquire the business—basically the same percentage (63.6 percent) reported by all SBO respondent firms.

Use of a personal/business credit card as a source of capital was reported by 7.4 percent of veteran-owned firms and 8.8 percent of all firms.

Percentages of veteran-owned firms and all firms originally financed by banks were also nearly identical (11.5 percent and 11.4 percent, respectively), as were the percentages financed directly by government loans or government-guaranteed bank loans (1.3 percent and 1.6 percent, respectively).

Of respondent veteran-owned businesses, 28.1 percent reported that they did not need capital to start or acquire their businesses. Outside investors provided capital to 2.1 percent of veteran-owned firms compared with 2.7 percent of all firms. Veteran-owned businesses and all businesses also reported comparable access to the capital used to finance expansion or capital improvements.<sup>31</sup>

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<sup>30</sup> Ibid.

<sup>31</sup> Ibid., Table 10, 80.

**Table 5.14 All Respondent Firms and Respondent Firms With One or More Veterans as Majority Interest Owners by Sources of Capital Needed to Start or Acquire the Business, 2002 (percent)**

Sources of capital	Respondent firms		Respondent firms with employees		Respondent firms without employees	
	All firms	Firms with veteran owners	All firms	Firms with veteran owners	All firms	Firms with veteran owners
Personal/family savings	54.6	55.4	64.2	66.8	51.5	51.8
Other family personal assets	9.0	8.5	13.1	12.1	7.7	7.4
Personal/business credit card	8.8	7.4	9.2	7.5	8.6	7.3
Business loan from government	0.9	0.7	1.7	1.3	0.7	0.6
Government-guaranteed bank loan	0.7	0.6	1.7	1.5	0.4	0.3
Business loan from bank	11.4	11.5	22.2	22.9	7.9	8.0
Outside investor	2.7	2.1	4.7	3.5	2.0	1.7
None needed	27.7	28.1	11.8	11.5	32.9	33.3
Item not reported	3.9	3.4	3.7	2.1	4.0	3.8

Note: All estimates are based on firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held. Firms with more than one domestic establishment are counted only once. Percentages represent the percentage of firms reporting in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran-Owned Businesses*; p. 55, Table 7. See <http://www.census.gov/csd/sbo/sb0200csveteranbus.pdf>.

## Types of Customers

Customer types were similar for veteran-owned and all firms (Table 5.15). Veteran-owned and all respondent firms, respectively, reported sales of 10 percent or more to the following customers: household consumers and individuals, 46.1 and 42.9 percent, respectively; other businesses and organizations, 36.0 and 32.0 percent; state and local governments, 6.0 and 5.3 percent; the federal government, 2.6 and 2.0 percent; and exports, 1.3 and 1.4 percent.

## Work Force

The types of workers used by veteran-owned firms and all firms responding to the SBO differed only slightly (Table 5.16). Almost 83 percent of both veteran-owned firms and all employer firms reported using their own full- and

**Table 5.15 All Respondent Firms and Respondent Firms With One or More Veterans as Majority Interest Owners by Total Sales of 10 Percent or More to Customer Categories, 2002 (percent)**

Types of customers	Respondent firms		Respondent firms with employees		Respondent firms without employees	
	All firms	Firms with veteran owners	All firms	Firms with veteran owners	All firms	Firms with veteran owners
Federal government	2.0	2.6	2.9	3.5	1.7	2.4
State and local government	5.3	6.0	7.7	8.6	4.5	5.2
Export sales	1.4	1.3	1.8	1.6	1.3	1.2
Other businesses/ organizations	32.0	36.0	38.6	42.4	29.9	34.0
Household consumers/ individuals	49.2	46.1	53.8	52.6	47.8	44.1
All others	18.7	20.4	16.4	18.4	19.5	21.0
Item not reported	7.9	6.2	5.0	2.8	8.9	7.3

Note: All estimates are based on firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held. Firms with more than one domestic establishment are counted only once. Percentages represent the percentage of firms reporting in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran-Owned Businesses*; p. 105, Table 13. See <http://www.census.gov/csd/sbo/sb0200csveteranbus.pdf>.

part-time paid employees to operate the business; 7.3 percent used temporary staff from a temporary help service; and 1.3 percent leased employees from a leasing service or professional employer organization.

Nearly 32 percent of veteran-owned firms with employees compared with 34.1 percent of all firms with employees used contractors, subcontractors, independent contractors or outside consultants; and 5.4 percent compared with 5.8 percent reported using paid day laborers to supplement their work force.

## Kind of Business

Veteran-owned firms are generally distributed similarly to all respondent firms in 20 major industries (two-digit North American Industry Classification System or NAICS codes) (Table 5.17). In a few industries, however, they differ.

The percentage of all respondent veteran-owned firms in construction was higher than that of all firms (13.9 percent compared with 11.7 percent). This was also true in transportation and warehousing (4.9 percent compared with

**Table 5.16 All Respondent Firms and Respondent Firms With One or More Veterans as Majority Interest Owners by Types of Workers, 2002 (percent)**

Types of workers	Respondent firms		Respondent firms with employees		Respondent firms without employees	
	All firms	Firms with veteran owners	All firms	Firms with veteran owners	All firms	Firms with veteran owners
Paid employees reported on IRS Form 941	25.2	24.7	82.5	82.5	6.5	6.6
Paid day laborers	4.9	5.0	5.8	5.4	4.6	4.9
Temporary staffing from a temporary help service	2.8	2.8	7.3	7.3	1.3	1.4
Leased employees from a leasing service or professional employer organization	0.9	0.9	1.3	1.3	0.8	0.7
Contractors, subcontractors, independent contractors or outside consultants	22.5	21.9	34.1	31.7	18.7	18.9
Item not reported	3.9	3.2	2.6	1.4	4.4	3.8

Note: All estimates are based on firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held. Firms with more than one domestic establishment are counted only once. Percentages represent the percentage of firms reporting in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran-Owned Businesses*; p. 127, Table 16. See <http://www.census.gov/csd/sbo/sb0200csveteranbus.pdf>.

3.7 percent); finance and insurance (6.1 percent compared with 4.1 percent); and professional, scientific, and technical services (18.7 percent compared with 15.7 percent).

The share of veteran-owned firms in retail trade was lower than that of all firms (9.5 percent and 11.6 percent, respectively). Veteran-owned firms also had lower shares in health care and social assistance (6.2 percent for veteran-owned firms compared with 8.6 percent for all firms), and in accommodation and food services (1.6 percent compared with 2.6 percent).

These trends generally held true for both firms with employees and firms without employees, except in the case of employer firms in the health care and social assistance industry, where veteran-owned firms had a slightly higher share than all firms (11.6 percent compared with 11.0 percent), which was more than offset by their lower share among nonemployers.

**Table 5.17 All Respondent Firms and Respondent Firms With One or More Veterans as Majority Interest Owners by Kind of Business (two-digit NAICS code), 2002 (percent)**

NAICS code: Business sector	Respondent firms		Respondent firms with employees		Respondent firms without employees	
	All firms	Veteran-owned firms	All firms	Veteran-owned firms	All firms	Veteran-owned firms
11: Forestry, fishing and hunting, and agriculture support services (113-115) <sup>1</sup>	1.1	1.2	0.1	0.4	1.2	1.4
21: Mining	0.5	0.7	0.4	0.5	0.5	0.8
22: Utilities	0.1	0.1	0.1	0.1	0.1	0.1
23: Construction	11.7	13.9	13.4	14.4	11.1	13.7
31: Manufacturing	2.7	3.0	5.8	6.5	1.7	1.9
42: Wholesale trade	3.0	3.5	6.0	6.8	2.1	2.5
44: Retail trade	11.6	9.5	13.2	11.7	11.1	8.8
48: Transportation and warehousing <sup>2</sup>	3.7	4.9	2.9	3.2	3.9	5.4
51: Information	1.3	1.0	1.3	0.9	1.4	1.0
52: Finance and insurance <sup>3</sup>	4.1	6.1	4.6	6.2	4.0	6.0
53: Real estate and rental and leasing	9.6	9.3	4.8	5.1	11.2	10.7
54: Professional, scientific, and technical services	15.7	18.7	14.2	16.3	16.2	19.4
55: Management of companies and enterprises	0.1	0.1	0.6	0.4	0.0	0.0
56: Administrative and support and waste management/remediation service	6.3	5.7	5.4	4.8	6.6	5.9
61: Educational services	1.9	1.3	1.2	0.5	2.2	1.5
62: Health care and social assistance	8.6	6.2	11.0	11.6	7.9	4.6
71: Arts, entertainment, and recreation	4.4	3.3	1.9	1.1	5.2	4.0

**Table 5.17 All Respondent Firms and Respondent Firms With One or More Veterans as Majority Interest Owners by Kind of Business (two-digit NAICS code), 2002 (percent) — continued**

NAICS code: Business sector	Respondent firms		Respondent firms with employees		Respondent firms without employees	
	All firms	Veteran-owned firms	All firms	Veteran-owned firms	All firms	Veteran-owned firms
72: Accommodation and food services	2.6	1.6	6.9	4.0	1.2	0.8
81: Other services (except public administration) <sup>4</sup>	11.2	10.2	7.0	6.4	12.6	11.4
99: Industries not classified	0.1	0.0	0.2	0.2	0.0	0.0

1 Data do not include crop and animal production (NAICS 111 and 112)

2 Data do not include large certificated carriers, railroad transportation and the U.S. Postal Service.

3 Data do not include funds, trusts, and other financial vehicles (NAICS 525) except real estate investment trusts (525930)

4 Data do not include religious, grantmaking, civic, professional, and similar organizations (NAICS 813) or private households

Note: All estimates are based on firms that responded to the 2002 Survey of Business Owners (SBO), both firms with paid employees and firms with no paid employees. A respondent firm is defined as a business that returned the survey form and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held. Firms with more than one domestic establishment are counted only once. Percentages represent the percentage of firms reporting in the designated categories.

Source: U.S. Census Bureau, 2002 Survey of Business Owners (SBO), *Characteristics of Veteran-Owned Businesses*; pp. 1-13, Table 1. See <http://www.census.gov/csd/sbo/sbo/sb0200.csvveteranbus.pdf>.

## Conclusion

The Census Bureau's current SBO provides the most detailed data on veterans and service-disabled veterans in business ever collected. The preceding analyses have summarized two much larger reports which are available on line at <http://www.census.gov/csd/sbo/veteran2002.htm>, and readers are urged to refer to those reports for additional information.

In addition to these readily accessible reports, the SBO produced a very rich dataset which can be used by researchers with questions not addressed in the published documents. Any number of queries can be formulated using data elements included in the SBO's survey instruments and other administrative data. For additional information on how to use SBO data and special tabulations, consult "How to Obtain Special Tabulations" at <http://www.census.gov/csd/sbo/>.

The SBO results provided here are based on samples and administrative data from 2002. As this report was being finalized, preparations were under way for the 2007 SBO. It is hoped that data collected in this important new survey can be used in comparison with the 2002 data already in hand to identify differences in veteran business ownership factors over the five-year period.

The Office of Advocacy is continuing its veteran business ownership research program, and several projects are currently under way. These include in-house and specialized contract research projects, efforts to include veteran-related data in as many research reports as possible, and collaborative work with other agencies to use administrative data to learn more about businesses owned by veterans and service-disabled veterans, thereby adding value to existing government resources. The results of this new research will be reported as they become available.



