



SMALL BUSINESS RESEARCH SUMMARY

No. 242
November 2004

Entrepreneurship and Business Ownership In the Veteran Population

by Waldman Associates, Arlington, VA
under contract no. SBAHQ-00-R-0029 (2004, 82 pages)

Purpose

In recent years, increasing attention has been called to the entrepreneurial needs of America's veterans, particularly those veterans who have service-connected disabilities. Section 702 of P.L. 106-50 tasked the Office of Advocacy to develop information on the use of programs to assist small businesses owned and controlled by veterans and service-disabled veterans. This study addresses these and other questions:

- What is the current state of programs for veterans and/or service-disabled veterans who wish to start a small business or who currently own or operate a small business?
- What is the level of entrepreneurship interest and activity in the veteran population?
- What are the characteristics of businesses that veterans own or wish to start?
- What obstacles do veterans encounter in starting or managing a small business?

New data on these questions can guide policymakers on the types of assistance and the rational level of resources to commit to veteran entrepreneurship programs and activities.

Overall Findings

- An investment in small business programs for veterans and service-disabled veterans is economically rational.
- The great majority of both "new veteran entrepreneurs" and current veteran business owners either

started or were planning to start their own businesses rather than purchase existing concerns.

- More than one-third of both new veteran entrepreneurs and current veteran business owners had gained skills from their active duty service that were directly relevant to business ownership.
- Prior business ownership and employment experience had a positive impact on an even higher percentage of both new veteran entrepreneurs and current veteran business owners than did military experience.
- A focus on addressing the challenges of home business ownership and Internet use in the business would be useful to veterans.
- Service-disabled veterans tended to have less prior business ownership experience than veterans without such disabilities.

Highlights

- About 22 percent of veterans in the U.S. household population were either purchasing or starting a new business or considering purchasing or starting one.
- Almost 72 percent of these new veteran entrepreneurs planned to employ at least one person at the outset of their new venture.
- Of new veteran entrepreneurs, 62 percent planned to initially locate their business entirely in their home; more than 67 percent planned to expand beyond their residence in the near future.
- Almost 39 percent of current veteran business owners were entirely home-based. Of these, nearly

36 percent planned to expand outside of their home in the future.

- A greater proportion of service-disabled business owners were home-based than veteran owners who were not service-disabled (52 versus 38 percent).
- Eleven percent of new veteran entrepreneurs planned to be entirely Internet-dependent, while 32 percent said their business would be 50 percent or more Internet-dependent.
- Almost 23 percent of current veteran business owners said that their concern was 50 percent or more Internet-dependent.
- Military service appeared to have provided a significant proportion of both new veteran entrepreneurs and current veteran business owners with necessary business skills.
- A higher proportion of service-disabled veterans than of veterans without such disabilities (52 versus 37 percent) benefited from technological training during active duty that was later of use in their business.
- Difficulty in obtaining financing and access to useful small business programs were high on the list of problems of both new veteran entrepreneurs and current business owners.
- A greater proportion of service-disabled veteran business owners had used veteran-specific small business programs (16.7 percent) than had veterans without service-connected disabilities (5.1 percent).

Scope and Methodology

This project relies on a telephone survey of samples from two veteran populations: 1) a residential population of veterans who began their active duty service after the Korean War period, and 2) a population of veteran business owners from all conflicts and peacetime periods. Veterans in the residential population were screened for current business start-up activity or interest. Those with such activity or interest are referred to as new veteran entrepreneurs. Both populations were screened for service-connected disability status.

Pursuant to the Paperwork Reduction Act, approval to conduct this survey was obtained from the Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs under OMB Approval Number 3245-0340 (Expiration date: April 30, 2006). This report was peer-reviewed consistent with Advocacy's data quality guidelines. More information on this process can be obtained by contacting the Director of Economic Research at advocacy@sba.gov or (202) 205-6533.

Ordering Information

The full text of this report and summaries of other studies performed under contract to the U.S. Small Business Administration's Office of Advocacy are available at www.sba.gov/advo/research. Copies are also available from:

National Technical Information Service
U.S. Department of Commerce
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