

MISSION CRITICAL: WHY THE AMERICAN ECONOMY NEEDS VETERAN ENTREPRENEURS

A REPORT BY:

endeavor
INSIGHT

WITH SUPPORT FROM:

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ABOUT ENDEAVOR INSIGHT

Endeavor Insight is the research division of Endeavor, a nonprofit organization that supports high-impact entrepreneurs across the world. Its work seeks to answer three questions:

1. How do entrepreneurs reach scale at their companies?
2. How do entrepreneurs reach scale in local networks or ecosystems?
3. What can policymakers, philanthropic leaders, investors, support organizations, and other stakeholders do to empower more entrepreneurs to reach scale in their communities?

The methodology utilized in this study builds on previous Endeavor Insight research supported by the Omidyar Network, the Kauffman Foundation, Knight Foundation, and the William Davidson Foundation.

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Google for Startups works to level the playing field for startup founders and communities to succeed. We do this by bringing the best of Google's products, connections, and best practices to startups at our global network of partners, at our seven Google for Startups Campus spaces, and online at startup.google.com. Paired with a deep commitment to create diverse startup communities, many of our offerings are designed specifically to provide underrepresented founders with access to resources and opportunities. We support startups everywhere to build something better. Because when startups succeed, we all succeed.

Google for Startups partners with over 80 startup organizations to grow diverse and inclusive entrepreneurial ecosystems and help startups succeed in over 150 countries. We offer our partners financial support, exclusive programming, and access to Google and our global partner network. Partners include local tech hubs from Accra to Zurich, as well as accelerators and organizations that provide trainings and resources for underrepresented founders.

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INTRODUCTION

Endeavor Insight and Google for Startups have joined together to study entrepreneurship among veterans in the United States.*

Google for Startups is committed to leveling the playing field for founders of all backgrounds and driving economic growth through entrepreneurship. Veteran founders, in particular, are an important and underrecognized demographic who are not only uniquely suited to startup life, but also play a critical role in advancing the U.S. economy. As part of Google's efforts to help veteran-owned businesses grow and succeed, they have developed a [library of online tools](#) for the military community, and partnered with organizations like Patriot Boot Camp, Bunker Labs, and Atlas.vet. But there is more to learn about how to better equip veteran founders to succeed — and what organizations and decision makers can do to better support them. The following research will help inform Google's continued approach and commitment to the military founder community.

This research included interviews and surveys of 80 veteran entrepreneurs who lead businesses across the country, conversations with the leaders of organizations that support veteran founders, a review of existing entrepreneurship studies in this area, and analyses of national data from the U.S. Census Bureau.

Three primary questions guided this project:

- 1 What is the current state of veteran entrepreneurship in the United States?
- 2 What potential benefits could come from increasing the number of veterans who start companies and the number of veterans who successfully grow their businesses?
- 3 What lessons can be learned from examples of successful veteran founders that can help more veterans in entrepreneurship?

The authors looked at the recent trends and strengths among veterans in entrepreneurship, as well as the potential economic and social benefits that could be gained if more veterans were to start and scale companies. This research is intended to offer practical steps for those wishing to

encourage more veterans in becoming entrepreneurs, and for decision makers who support veteran founders.

Many of these lessons are drawn from a deep analysis of veteran entrepreneurs, as well as the specific guidance from practitioners at entrepreneurship support programs and investment funds. The analyses of individual entrepreneurs help provide a better understanding of the barriers that veterans face and the common pathways that help them overcome challenges that are specific to their experience.

Endeavor Insight collected data for this study in 2019, prior to the onset of the COVID-19 crisis. Many of the findings are, therefore, based on the status of those companies before they sustained any impacts from the pandemic. Nevertheless, the analyses remain relevant, and are perhaps even more pertinent as veteran founders navigate new challenges.

STRENGTHS OF VETERANS AS ENTREPRENEURS

The experience that veterans gain throughout their time in service gives them various attributes that are valuable to starting and growing businesses.¹

Ability to handle uncertainty

Businesses have to adapt to new circumstances. When unforeseen events occur, an ability to pivot can make the difference between success and failure. Service members are trained to handle uncertainty, and make quick decisions under pressure, so it is familiar territory for veteran founders.

Results-oriented and mission-focused

The drive toward completion is deemed crucial to successful military operations. Presented with a task or a problem, veterans have the capacity to work out solutions, while maintaining absolute focus on the end result, which translates well to entrepreneurship.

Grit and perseverance

Training and operations are tough, and the attitude to stick with it is a vital aspect of service life. It is the same for startups. As many early stage entrepreneurs will experience set-backs, this mental fortitude can be critical to leading a business.

Leadership and communication skills

Recruits take on responsibility early in their careers, and it soon translates into learning how to lead teams. Communication and collaboration are fundamental to military service, so veterans often find it easier than civilians to adapt to a leadership role in business life.

* For the purposes of this report, veteran entrepreneurs are defined as founders who are former members of the U.S. Armed Forces (i.e., Air Force, Army, Coast Guard, Marine Corps, and Navy).

Case Study: Samantha Snabes, re:3D Inc

ACCESS TO CAPITAL AND KNOWLEDGE OF PROCESSES ARE ESSENTIAL WHEN LOOKING TO GROW A BUSINESS.

SAMANTHA SNABES started to form ideas about what would become re:3D Inc in the mid-2010s between spending time as a captain in the Mississippi Air National Guard, working as a contractor for NASA, and volunteering with a variety of nonprofits in developing countries.²

She and her co-founder, Matthew Fiedler, eventually hit on the idea of developing an open source 3D printer. Snabes explains, “When we started to work with some of these communities, we noticed a lot of dependence on imported assistance, but it was actually the wrong fit. Once in Rwanda, there was all this medical equipment sitting out because it was the wrong voltage. So we started conversations about access to resources, knowing that the increased use of

3D printers could be a way to scale solutions in these markets. The model started to form: 3D printers that would be open source, toilet-sized, and cost \$10,000 or less.”³

Scaling was a challenge, but they managed to bootstrap their growth and secure additional capital through awards and grants. “We had a vision for the modification of the printer to enable the hardware to 3D print directly from shredded plastic waste, and we didn’t have the financial resources to do that, or enough people on our team. So we started applying for grants and funding competitions even though we were already five years in.” They had applied for a [Small Business Innovation Research](#) grant, managed through the Small Business Administration, where veterans can access specific resources.

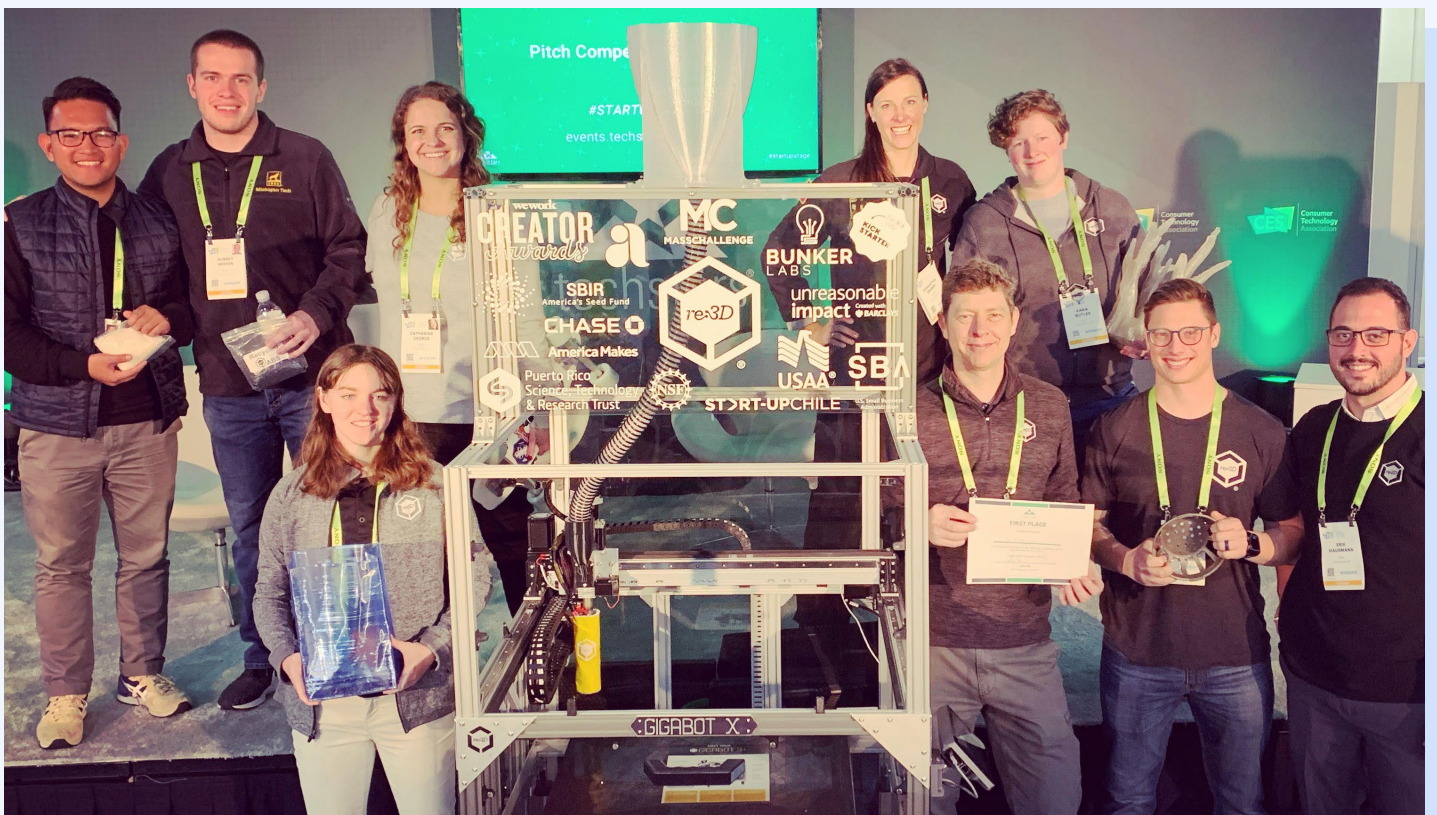


PHOTO COURTESY OF RE:3D INC



“What saved us was winning a million dollars from the WeWork Creator award, which allowed us to get healthcare for our team and invest in product development to make 3D printing from garbage a reality.”

As she grew her company, Snabes found that her military background was particularly useful. “In the military, you are trained to make decisions very quickly, and there’s stress on critical thinking and making things happen fast. There are things from the military that have bled into my business lexicon, like the BLUF (bottom line up front).”

Snabes found value in participating in a support organization program that focused on the needs of veteran founders and acknowledged her strategy. “To plug into networks like Bunker Labs is really important. A lot of vet-led programs push a company towards introductions for getting investment, but vet-led ventures can be quite successful bootstrapping, and may not be interested in exiting, so equity-based financing options may not be the best fit.”

Today re:3D Inc has two offices in Texas and one in San Juan, Puerto Rico. The company sells its 3D printers in around 50 countries worldwide, and is currently working on UL certification.⁴

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CONTEXT:

VETERAN-OWNED BUSINESSES PLAY AN IMPORTANT ROLE IN THE U.S. ECONOMY, BUT FEWER VETERANS ARE BECOMING ENTREPRENEURS.

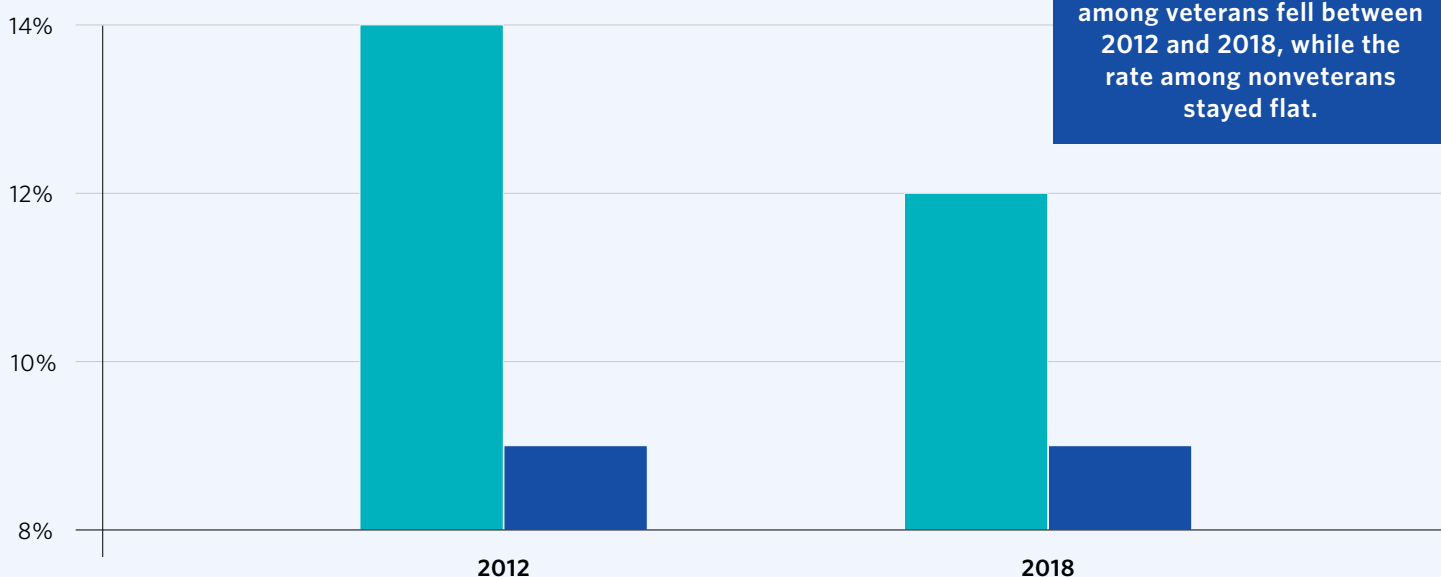
Over the last century, veterans have built many of America's iconic companies. The multinational delivery service FedEx and GoDaddy, the world's largest domain registrar, were each founded by Marine Corps veterans.^{5,6} The inventor of the boat shoe had served in the Navy before going on to found Sperry.⁷ In aggregate, veterans have historically become entrepreneurs at much higher rates than their civilian peers.⁸ Almost half of those who served in World War II and 40 percent of Korean War veterans started a business after their time in the military.⁹

Veteran entrepreneurs continue to contribute to the U.S. economy. **In 2017, veteran-owned companies created 5.6 million jobs and generated \$1.1 billion in sales.**¹⁰

Despite the successes achieved by veteran entrepreneurs, the proportion of ex-military members becoming founders has declined in recent years. In 2012, nearly 14 percent of veterans were self-employed, as the graph below illustrates. (Self-employment is a proxy indicator of entrepreneurship available from the U.S. Bureau of Labor Statistics.)

ENTREPRENEURSHIP AMONG VETERANS HAS DECLINED IN RECENT YEARS

■ VETERANS ■ NON-VETERANS



Note: For self-employed populations in non-agricultural industries.

Sources: U.S. Bureau of Labor Statistics; U.S. Census Bureau.

In 2018, this proportion fell to just 12 percent.¹¹ This is a marked fall when compared to the rate of self-employment among the nonveteran population, which has stayed at about the same level for the past decade.

Even though it is reported that nearly a quarter of veterans want to start a business, the declining rates of entrepreneurship among this group may be related to the difficulty that younger veterans have in making the transition into civilian employment compared to older generations.¹² The rate at which younger veterans aged 25 to 45 are finding civilian employment has fallen more than other age groups.¹³

Even though there is a strong business case for hiring veterans, some still report challenges integrating into the civilian workforce. **When veterans are unable to secure meaningful work, they miss out on gaining professional experience that often lays the foundation for starting a business of their own.**

In recent decades the veteran community has become more diverse as more women and racial and ethnic minorities have joined the military. Despite these changes, the demographic of veterans who go on to start companies remains predominantly male and white. Veterans of color represent about 18 percent of the ex-military population, but only about 6 percent of its entrepreneurs.¹⁴ However, there have been significant gains among women. The number of female veteran-owned companies grew by nearly 30 percent between 2007 and 2017, a rate that is disproportionately higher than the percentage of women service members leaving the military.¹⁵

Case Study: Carson Goodale, FanFood

THE ABILITY TO ADAPT TO CIRCUMSTANCE, A SKILL COMMON AMONG VETERANS, CAN BE A VITAL TOOL IN GROWING A COMPANY DURING A PERIOD OF UPHEAVAL, SUCH AS COVID-19.

CARSON GOODALE first thought of the idea for FanFood in 2013. The app he created started as a way for sports fans to order food from stadium concessions to eliminate standing in line and reduce the number of cashiers so everyone could get back to what they were at the stadium to do: watch the game. Once the app started making revenue in 2016 he left active duty service to focus full-time on the business.¹⁶

While Goodale was developing the app, he started researching where to go with it. “I was still serving in the Reserves at the time, and I came across Bunker Labs, which helps veterans,” Goodale relates. “One of the best things about being in the military is the support that you get from people on your left and right, and when I went to introduce myself, I felt that immediately.”¹⁷

Bunker Labs invited Goodale to work from their offices once he moved to Chicago. “That’s when they were kicking off their accelerator program, and I got that one-on-one, hands-on experience. One class was a game-changer for me. It was about the importance of storytelling, teaching you to tell your story in a compelling way. Investors are not investing in your business — you don’t have a business yet — but in you. That one class changed the way I communicate to investors, how I communicate to our sales team.”¹⁸

Goodale realized that he needed to adapt his approach to grow the company. “When I originally started FanFood and focused on sports, I wanted to go to the big boys, the NBA, the NFL. But we learned that to get there, you have to come to the table with an enterprise solution ready to go.



PHOTO COURTESY OF FANFOOD



It forced us to take a bottom-up approach and refine our product. And by going through this process and solving a lot of these in-venue logistics, our technology is now applicable to other markets outside of just sports.”¹⁹

An ability to adapt quickly to new circumstances is a skill many hone in the military. In Goodale’s case, it has enabled the company to keep growing even during the COVID-19 crisis: “I’m a veteran, and if anyone can manage a remote team and rally the troops it’s a veteran.”²⁰ The crisis has accelerated the trends away from cash transactions, and towards increased adoption of technology, putting FanFood in the right place in a changing market.

Goodale is aware of the need to lead the way in adapting his own business model. “During the months of lockdown, our team has been researching, iterating, and customizing our online and mobile platform to offer contactless services when the timing is right. As shelter-in-place policies are getting lifted, we’ve noticed now is the best time for businesses to embrace contactless ordering as customers are starting to come back.”²¹ Goodale is now looking to expand the model into other hospitality areas, potentially even hospitals.

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OPPORTUNITY:

THE VETERAN COMMUNITY AND THE U.S. ECONOMY WOULD REAP TREMENDOUS BENEFITS IF MORE VETERANS STARTED AND SCALED COMPANIES.

Increasing the number of service members who become entrepreneurs would make a meaningful difference to the lives of other veterans and their communities. Research suggests that veteran founders are more likely to hire other veterans and military spouses.²² If more veterans became entrepreneurs, the jobs they create would likely help address the common challenge that some of their peers face in transitioning to civilian life — finding meaningful employment.

Jason McCarthy was a member of the Army Special Forces before founding his gear company **GORUCK** in 2008.²³ The [Green Beret Foundation](#), a nonprofit that focuses on helping veterans with their transition out of the military, helped him as he set out to teach people how to be more prepared in their daily lives. The Jacksonville, Florida-based company offers a range of physical training boot camps as well as a full line of rucksacks, footwear, and clothing. The company employs current or former Special Forces veterans to lead training events on team building and other skills.²⁴

In addition to the jobs and services these founders provide for the military community, veteran entrepreneurs are giving back. Luke Schneider, a full-time firefighter/paramedic and a Navy veteran, founded **FIRE DEPARTMENT COFFEE** in Rockford, Illinois, in 2016. His business is staffed by active and retired firefighters. “As our business grew,” says Schneider, “we wanted to do more for the community that had given us so much.”²⁵ Through the Fire Dept. Coffee Foundation, the company donates 10 percent of net proceeds from sales to first responders who are injured on the job.²⁶ **SERVICE BREWING**, a brewery based out of Savannah, Georgia, was founded by Meredith Sutton and Kevin Ryan, a West Point graduate and former Army commander.²⁷ They also donate a portion of their revenue to charities that support service men and women and first responders.²⁸ Ryan explains, “When I was in Iraq, my unit would receive packages every day from people all over the country who had no idea who we were — it was just their way of showing support. We try to do that here at the brewery as well.”

Veterans who grow their companies create even greater benefits for their communities and the economy. Data from previous studies shows that companies that scale — particularly those that grow to reach 50 or more employees — create a higher proportion of jobs than all other companies, even though they are fewer in number.²⁹ Larger companies are also more resilient and more likely to withstand economic crises, an advantage that is especially important in the wake of the COVID-19 pandemic.³⁰



JASON MCCARTHY, FOUNDER & CEO, GORUCK

Veterans who do become entrepreneurs have shown high rates of success when it comes to scaling their companies. Census data shows that veteran-owned businesses reach 50 or more employees at very similar rates to nonveteran-owned businesses (a difference of less than 1 percent).³¹ While the gap is small, increasing the number of veterans who scale their companies to match the nonveteran rate would have a significant aggregate impact on the economy, with the potential to generate more than 1.5 million new jobs in the United States.³²

High concentrations of veteran-owned businesses can be found in industries such as technology and advanced manufacturing.³³ These types of sectors are extremely productive — generating higher GDP per employee than other industries, on average.³⁴ As veteran-owned companies scale in these sectors, they are likely to boost productivity in their local communities.

Increasing the number of veterans who start and grow companies can help stimulate economies outside traditional entrepreneurship hubs. While San Francisco and New York are the most prominent centers for entrepreneurial companies, according to a study based on Moonshots Capital data, the highest concentration of veteran-founded companies can be found in the Washington, D.C. to Baltimore corridor.³⁵ Outside of that



geography, veteran-founded companies are more evenly distributed throughout the country than their nonveteran counterparts, so they are more likely to start businesses in places that are overlooked by civilian entrepreneurs. Census data shows that the states with the highest concentration of veteran entrepreneurs are Alaska, South Carolina, Arkansas, Oklahoma, and Virginia.³⁶

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Case Study: Elsa Lee, Advantage SCI

SPECIALIZED BUSINESS EDUCATION PROGRAMS AND ENTREPRENEUR SUPPORT CAN ENABLE VETERANS TO SECURE FUNDING, GAIN CONTACTS, AND GROW THEIR COMPANIES.

ELSA LEE joined the Army's Military Intelligence Corps at 19 and spent 21 years as a Special Agent working on global counterintelligence missions. After leaving the service in 2000, Lee wanted to introduce services that would make organizations more resilient against terrorist attacks. "When I retired from the Army, I felt a compelling obligation to help protect America from the onset of terrorism threats that I saw unfolding," Lee explains. "This was one year before 9/11; I knew that my counterintelligence skill set could be adapted into a service that could help protect our nation, and this is how I started my business."³⁷

In 2000, she founded Advantage SCI, a security and counterintelligence services firm. The biggest challenge that Lee faced while starting her business was attaining the financial

knowledge needed to successfully run and grow the business. "As a veteran it was difficult to find my way in the business world outside of my domain of expertise, because I was so used to being in the military organizational mindset, and in the military resources are always at your fingertips." Research led her to the [Small Business Administration \(SBA\)](#) information sessions and local university seminars focused on the contracting industry, and these provided a platform for growth.

Lee used the SBA's online platform to locate opportunities and veteran-specific resources, which helped her build a pitch to secure several small SBA-backed loans. The initial capital from these loans provided the resources she needed to build a team with a business background that could complement her specialized counterintelligence skill set.



PHOTO COURTESY OF ADVANTAGE SCI



"Sometimes it's hard to recognize that you're good in a skill set but not in business. Do what you need to compensate for that."

Her military training was important to her success in building Advantage SCI. "I think having the background knowledge and laser focus discipline from my time in the military contributed tremendously to my ultimate success." Another ingredient to her success was the network of contacts she built, first through attendance at local SBA events, and later through trade shows and conferences that exposed her to the wider government

contracting industry. While attending these events were expensive for a startup, they were important to Advantage SCI's early growth. "That's where I started networking, and finding solid contacts that you can learn from, and that get you further along in the government contracting world."

Advantage SCI grew rapidly from 10 employees to over 50 in a single year. She attributes this to the company's participation in the [8\(a\) Business Development program](#) through the SBA. "I wouldn't have known about it if I hadn't met the reps of larger companies at those trade shows. We got one major contract once enrolled in the 8(a) programs, where you can be awarded contracts without competition. After that, we got around 11 contracts in a row, experiencing trajectory growth and expanding to over 50 prime contracts to date; the largest being \$47m in our 18th year of business."

Advantage SCI now employs 200 people including a large number of veterans. Their veteran workforce ranges from 36 percent to 70 percent depending on the number of ongoing defense contracts. The company was one of Inc.'s 5,000 fastest-growing companies in the United States in 2013, and a top 100 contractor providing intelligence services to the Federal Government; it was ranked 23rd, one ahead of Microsoft. Today, the company continues to expand as a proven vendor serving a multitude of intelligence, federal, and defense clients globally, which includes contracts in austere and dangerous environments.

I think having the background knowledge and the laser focus discipline from my time in the military contributed tremendously to my ultimate success.

ANALYSIS:

NEW DATA ON SUCCESSFUL VETERAN ENTREPRENEURS HIGHLIGHTS STRATEGIES FOR OVERCOMING BARRIERS.

Endeavor Insight examined data on hundreds of veteran-owned companies and interviewed 80 veteran founders in order to better understand the specific strengths that veteran entrepreneurs possess and the challenges that are particular to their experience.

Veteran entrepreneurs have a variety of strengths that can help them overcome the challenges of starting and growing a company, making them particularly well-suited to startup life.

When asked which of their previous experiences helped them most as entrepreneurs, the majority of interviewed founders who had successfully scaled their companies said it was their experience in the military. Four skills in particular were cited by many of the veterans interviewed:

1 Handling uncertainty. In the words of one founder, veterans are “very good at operating in a chaotic environment. Startups are chaotic and [veterans] are trained at how to keep operating when things are falling apart or not going as planned. It makes them good entrepreneurs, and good leaders.” Another founder stressed “the mindset of understanding that the future does not look linear.”³⁸

3 Organizational and management skills. One founder gained program management skills in the Air Force that laid a foundation for starting a company. “I managed research and development programs, which has helped me organize, to look at things from a technical point of view, and to develop requisition strategies.” Another founder noted that military experience offered the chance to “apply my trade in various geographies, which gave me a real appreciation for bringing our products to market and how we can build credibility.”

2 Grit and perseverance. “Veteran entrepreneurs have the ability to endure — to tolerate pain, to have grit,” one founder explained. Another said, “I think we come out of the military with values and discipline, which allow us to follow through and keep on when it gets hard.” The interviewee went on to explain how this is important when the business depends on winning bids. “It takes a lot of follow-through to complete a bid, and if you gain nothing from it, it’s easy to walk away. The discipline you learn as a veteran makes that less likely.”

4 Leadership skills. Many founders reported that their time in the military helped them develop leadership skills. “When I went in, I was kind of a stand-at-the-back guy. Being there taught me how to be a leader, and improved my critical thinking skills,” said one founder. According to another, “In the military, you get a lot of responsibility at an early age. The hands-on leadership experience is very important. You are also in the military with people from all walks of life working towards a common mission.”

These skills are vital tools when starting a business, especially in putting together the right team and navigating the challenges of getting a company off the ground. Such capabilities can also make a meaningful difference when adapting to new circumstances as a company grows. When businesses scale, founders need these types of abilities to secure capital, or shift their business model to take advantage of new market opportunities. During the COVID-19 crisis, these kinds of skills became even more essential, as veteran founders needed to respond to unexpected local and global impacts.

Veteran entrepreneurs face specific challenges when starting and growing a business.

The strengths on the previous page can give veterans a considerable advantage when they start and scale their companies, but there are several barriers that are specific to veterans when they become entrepreneurs.

ACCESS TO CAPITAL

Veterans face particular challenges in securing finance.

When asked about their greatest challenges during the first year of starting their companies, access to capital was the most commonly cited by interviewed veterans.³⁹ When asked about their current stage, veteran interviewees were almost twice as likely as their civilian counterparts to consider access to capital as their greatest obstacle to growth at the present time.⁴⁰

Previous studies suggest that veteran founders tend to face particular challenges in securing financing. One study found that veterans apply for traditional forms of financing like loans, lines of credit, and cash advances at a similar rate to nonveterans. **However, 60 percent of veteran-owned businesses experienced a financing shortfall, compared to 52 percent of nonveteran-owned businesses.**⁴¹ According to the study, this is likely the result of veteran-owned businesses being deemed as higher credit risks than those founded by nonveterans. Military life involves frequent moves and overseas travel, which can limit their ability to build up collateral or credit history, which in turn affects their ability to fundraise.⁴²

Many of the veterans interviewed for this study experienced resistance from investors. Since investors often predict the success of a startup

by judging the founder's background, this may be related to a familiarity gap between civilians and military, where more people are unfamiliar with the military experience or are exposed to narratives primarily through the media. In the words of one founder, "there's a high degree of bias against people who are switching careers and trying to become an entrepreneur for the first time." **Some founders reported facing more specific biases.** "There's a preconceived set of expectations around veterans — what our capabilities and limitations are. Funders didn't expect us to be good at sales, for example, so we had to hire non-military salespeople. People think that you don't know anything about running a company."

In the face of these challenges, veterans have established or taken on leadership roles at venture capital firms dedicated to veteran-owned businesses. These firms include [HIVERS AND STRIVERS](#) in Virginia, [MOONSHOTS CAPITAL](#) in California and Texas, [TFX CAPITAL](#) in South Carolina, and [ATLAS.VET](#) in North Carolina.⁴³

ACCESS TO NETWORKS

Networks can play a major role in the fundraising process, and are also key for other elements of starting a business.⁴⁴ As one founder describes it, “my time in the military as an officer was beneficial, but I also had to learn a lot and figure out step-by-step how to build the right network and connections. I learned the importance of having the ability to network and develop mentors and mentees. Your community and who you surround yourself with, in my business, is essential to becoming successful.”⁴⁵

Building the right types of networks in the business world can be a complicated process for veterans.

They tend to have strong networks in the military community, but weaker civilian ones.⁴⁶ On the one hand, this can be a benefit for business-to-government (B2G) companies that rely on customers within existing military and government circles. For many of the founders interviewed, being a veteran is a clear advantage when running B2G businesses. In the words of one founder, “due to the cybertech world we are in, being in the military is net-positive. For another, “I haven’t encountered a whole lot of bias [as a veteran], because we operate in a defense and national security-focused space.”

On the other hand, veteran entrepreneurs operating outside of this space often have limited professional networks, which can hinder their ability to grow a company.⁴⁷ One reason for this is that more than 50 percent of veterans relocate to a city other

than their hometown after their military service, which constrains their ability to build networks or strengthen existing ones.⁴⁸

In spite of these challenges, the interviews from this study shed some light on how veteran founders were able to build strong networks. One factor stood out in particular — gaining educational experience in the civilian world before starting a company. Veteran entrepreneurs in this study were more likely to have graduate degrees than nonveterans.^{*} Overall, 61 percent of veteran entrepreneurs had a Master’s degree or a Ph.D., compared to 44 percent of nonveteran entrepreneurs.⁴⁹ The founders emphasized the advantages of having an advanced degree. “I went to graduate school not having thought about the business world for six years, and the basic business principles I learned, along with the network I was able to lean on, were invaluable in starting the business.” Another founder stressed the broader networks he was able to build across both military and civilian environments, “it comes back to relationships, through the military, the service academy, and grad school.”

Professional work experience after leaving the military was another way that veterans built strong networks prior to launching their companies.

Previous research by Endeavor Insight shows that the most successful founding teams often have at least 20 years of combined professional experience before starting their companies.⁵⁰ This pattern is also

apparent among veteran founders. Ex-military members who founded companies that grew to 50 or more employees have a median of 16 years of work experience before starting their companies, compared to 11 years among veteran entrepreneurs who did not scale their companies.⁵¹ Data from this study also shows that veterans, like civilian founders, met the majority of their business mentors through former employment.

Building strong networks can play a major role in starting and growing a business.

The needs of veteran entrepreneurs will continue to evolve as diversity in the military increases, and younger generations navigate new challenges when transitioning to civilian life. The COVID-19 pandemic and persistent inherent biases within business ecosystems will undoubtedly influence the experience that new veteran entrepreneurs have. Nevertheless, increasing awareness of the challenges they face, and supporting more veteran founders as they scale their companies, will create substantial benefits for the individuals, the veteran community, and the U.S. economy as a whole.

Case Study: Joey Rivera, Rivera Group

VETERANS HAVE SPECIFIC SKILLS THAT CAN HELP THEM LEAD AS ENTREPRENEURS ON THEIR OWN, BUT QUALIFIED BUSINESS MENTORSHIP IS A KEY ELEMENT IN HELPING THEM SCALE THEIR COMPANIES.

JOEY RIVERA founded the Rivera Group, a custom IT services and software development provider, in Louisville, Kentucky. When founding the company in 2002, he initially grew his client portfolio from the network he had created during his 34 years in the Army. After attaining a Ph.D. in software engineering in 2010, Rivera developed a software product to sit alongside the consultancy work. "While I was going through my Ph.D., I studied this big problem in big data cyber with the hope of turning it into a product later on, which is what I did."⁵²

The perseverance Rivera learned in military service helped, particularly in the early years of developing the software. He refined the product, but repeatedly found that it did not

provide the solutions that were needed. He had to start over three times. "As vets, we learn that no matter how hard it gets, how hard the training is, how hard the battlefield is, how damaged your unit is, you still get up and you still fight. That is a level of toughness that we bring to the entrepreneurial spirit. No question, that is the one trait I lean on the most."

This process also brought home how important a qualified mentor can be, particularly when Rivera was looking to scale the company. "My mentor taught me the importance of long-term thinking. When my CFO retired, he helped me define what kind of talent the new CFO had to have in terms of long-term requirements. He advised me to move towards a metrics-based leadership style.



PHOTO COURTESY OF RIVERA GROUP



When you are small, you know what's going on, but when you have hundreds of people, you need metrics. He helped me institute that before the problem presented itself, so I didn't hit that issue when scaling."

It took time, but once the software was developed Rivera was able to grow the company. "I graduated in 2010, then it wasn't until 2015-16 or so, that we won our first contract on the government side, and since then we're just exploding."

The part of the Rivera Group that focuses on consulting now has more than 150 employees, and Rivera has scaled the software arm, EAGLE6, to over 200 employees. Rivera's next stage is to bring in people who can help the company scale internationally and move into global private-sector markets such as healthcare and insurance.

Vets learn that no matter how hard it gets, how hard the battlefield is, you still get up and you still fight. That is a level of toughness that we bring to the entrepreneurial spirit.

RECOMMENDATIONS:

RESEARCH AND CONVERSATIONS WITH LEADERS SUGGEST FOUR WAYS OF SUPPORTING VETERAN ENTREPRENEURS.

Endeavor Insight interviewed leaders of support organizations to identify strategies for supporting more veteran founders who start companies and scale their businesses. Researchers also heard from successful veteran entrepreneurs from across the country. The following recommendations emerged from those conversations.

#1

FOCUS ON BUILDING HIGHLY CURATED CONNECTIONS, PARTICULARLY MENTORSHIP, TO HELP VETERAN FOUNDERS NAVIGATE THE CIVILIAN BUSINESS WORLD.

Facilitating the right networks and connections, particularly mentorship, is a vital role that support organizations perform to help veteran-owned businesses get started and scale.



STEPHANIE BROWN, FOUNDER AND CEO (THE ROSIE NETWORK)

"The vet community is unique in that it is very connected, because of the circumstances in which they have served. This brings an inherent advantage, but vets also have a disadvantage because of their mobile lifestyle, meaning they often have no deep roots within a community where one would be aware of the resources available.

A network of veteran and military spouse entrepreneurs and meaningful mentors can be very powerful. We have found that 90 percent of startups that do not have a meaningful mentor fail. So we try to facilitate this. What we focus on is individualized training and a personality assessment to make sure the relationship works out. It cannot just be about going online, filling out a form, and matching accordingly. We have found that if the veteran reaches out and it doesn't work, they don't reach out again.

So instead we bring our vetted business champions to the table and they sign a contract. We invite them to every class and at the end we put aside time for the cohort to have the opportunity to sit down with the mentors, so they can get a feel of who they are and whether they would get along. Then, the connection happens organically.

One of the absolute keys to success is creating a small cohort group. They work together and support each other. The veteran and military spouse community trusts the veteran community more than other civilians, and by bringing veterans together in a group there is more trust and willingness to cooperate, and not just in a social way.

The COVID-19 crisis has forced us to adapt. While there is no substitute for in-person connections and networking, by moving to a virtual format we have increased the geographic range of veterans and military spouses that are able to join our program including those stationed overseas, Alaska, Hawaii, and around the country. And while our program is 'family-friendly' it is not always easy to schedule childcare to attend an in-person class. By going virtual, we've seen our membership surge as participants no longer struggle with things like parking or childcare. Given this, we will continue to grow our virtual program even after we have been cleared to safely return to the classroom."

The Rosie Network provides no-cost training and mentoring for active-duty service members, veterans, and military spouses seeking to launch or grow a business.

#2

BUILD AWARENESS ABOUT THE VALUE OF VETERAN ENTREPRENEURSHIP AND RECOGNIZE THE DIFFERING NEEDS OF FOUNDERS WITHIN THIS GROUP.

More support organizations and investors should consider the strengths of veteran founders and the potential for the jobs they create.



**RENEE BOBB, DIRECTOR, TRAINING AND DEVELOPMENT;
SUMEET CHAHAL, NATIONAL DIRECTOR, ENTREPRENEURIAL SUPPORT (BUNKER LABS)**



RB: “The military is very results-oriented, and that translates really well into entrepreneurship. The one thing that is true for a lot of veterans, is that in the military you’ve been trained to get the job done. Veterans’ particular skill set of being mission-focused and problem-solvers puts them in a better position than many nonveterans to take on the new challenges that COVID-19 has brought along.”

SC: “COVID-19 clearly had some devastating effects on so many companies, but the upside is that it’s really allowed people to double down on strategy: *this* is going to solve *this* problem. It’s forced entrepreneurs to look and create other sources of revenue, things that they might have thought about doing in the past, it’s forced them to do it right now.

There’s also the benefit of veterans hiring other veterans. There’s an automatic relationship that is there. A Navy veteran hired me for my very first job, he told me he hired me because ‘I know you’ll get it done.’ We minimized the time it takes to get acclimated to working together simply because we were both vets and understood each other straight away.”

RB: “If we’re talking about increasing diversity, vets can help there: sometimes veterans with disabilities are not welcomed into a workplace because of those disabilities. But as a veteran we understand those disabilities and we figure out systems to work around them so that they can be an asset to our team.”

Veterans are often treated as a homogenous group, which may lead to overlooking the needs of women and non-white veteran founders.

SC: “Women and non-white veteran founders face particular challenges, primarily access to capital. Our research has shown that veteran entrepreneurs are 44 percent less likely to get traditional funding such as bank loans than non-vets, and it gets tougher for equity finance. 98.8 percent of VC firms are headed by white men, and so the lack of diversity in the decision making of how these funds are allocated is the first barrier. Less information is accessible to them, less opportunity is out there.

The number one challenge we’ve found for non-white entrepreneurs was that they didn’t know what funds or support they qualified for. It’s just access to the information.

We’re taking a close look at diversity and inclusion, because while the military represents an extremely diverse group, entrepreneurship does not. A couple of programs that we run focus on this. [*Veterans in Residence*](#) is a six-month fellowship on how to work on your business. We teach them what they need. How to ask the right questions, and how to network and get mentorship. Being veterans, being entrepreneurs ourselves, we know the things we struggled with.”

Bunker Labs provides veterans and veterans’ spouses with resources to simplify the entrepreneurial journey to build successful businesses.

#3

ASSIST VETERANS IN SECURING PROFESSIONAL AND EDUCATIONAL EXPERIENCES THAT BETTER PREPARE THEM FOR STARTING AND GROWING A BUSINESS.

There should be a focus on placing veterans as employees in high-growth tech companies because it provides them the opportunity to learn skills, gain industry experience, and build their network before they start their own business.



TIM HORAN, CO-FOUNDER AND CEO (ATLAS.VET)

"We place special emphasis on the military transition and provide immersive fellowships in tech because we believe the modern military veteran is agile and adaptive and has the skills to thrive in the fast-paced environment of a startup. Veterans also know communication, which is key for entrepreneurs. Whatever your rank or position in the military, what matters most is your ability to communicate and collaborate in all directions. In business, especially when it's *your* business, communication is key and in all aspects.

Our first goal is getting transitioning service members through the door as employees. One of the main challenges facing veterans is a lack of direct experience and insight in the industry; they can go out and start a company right away, but without that experience they may be less likely to succeed.

One of the best ways to learn how to start a company is to go work at a startup. Going to work at an early stage business provides opportunities to learn that are simply unavailable to an employee of a large corporate machine. On a smaller team, you're more likely to have facetime with founders, gain experience in multiple job functions, and learn the basic principles of failure and always being short on time and money.

One challenge in getting veterans into startups is that many companies are unsure how to onboard them into the job functions on their team. Another is that although veterans are not risk averse, the financial risk may prove too

daunting. We think the best way to overcome these challenges is through a fellowship program. That's why we've partnered with Google for Startups to match military service members and startups in fellowships while they are transitioning from the military. These involve three to four months working at a high-growth tech company, augmented by educational workshops, career coaching and placement support. Through this program, we're able to reduce risk on both sides, and get more veterans in startups so that they can learn, grow, and prepare for the day they start their own company.

Veterans are the biggest champions for the veteran community. There is no language barrier, translation gap or cultural divide. However, veterans hiring each other cannot be the only way to find meaningful employment that matches their qualifications. There just aren't enough veteran founders to hire all the transitioning ex-service members. A company that welcomes veterans not only onboards high quality employees, they diversify their culture thereby making their company more competitive. Further, diversifying companies diversifies communities, which mends the civil-military divide and makes our country stronger."

Atlas.vet guides the military community in life beyond the uniform, through opportunities in education and employment training.

#4

PROVIDE DEDICATED SUPPORT TO HELP VETERANS NAVIGATE FINANCIAL CHALLENGES AND SECURE CAPITAL.

Quality mentorship and increased education throughout the investment community can help lower barriers for veteran entrepreneurs.



JEN PILCHER, CEO (PATRIOT BOOT CAMP)

“Veteran entrepreneurs can start their business life from a different world. The veteran world is different from people who have experience with fundraising and pitching to investors. So our programs focus on bridging those gaps, both through formal educational programs and one-on-one mentoring sessions. Once companies start to scale and generate revenue (90 percent of our entrepreneurs bootstrap) or raise funding they take off — even small amounts can change the trajectory of a company. But early stage companies really struggle with funding, and that’s what we try to address.

We’ve found that one thing that separates veteran founders who manage to scale their companies from those who don’t is access to investors and mentorship on how to scale. I believe strongly in the mentoring method, it can make all the difference, not just for financing but also for marketing. There is nothing more critical than purposeful, meaningful, and tangible mentoring. Otherwise, it is a waste of time for both the mentor and founder.

Another challenge is building understanding among nonveteran investors about what

makes veteran entrepreneurs unique. It is important for them to learn more about how veteran entrepreneurs bring a lot of real-world experience to their startups that civilian entrepreneurs might not have experienced. Constantly being trained in the military to be prepared for the ‘unknown’ is one of the best tactics to be utilized in entrepreneurship. These military skills are often not seen on paper. You will need to look beyond the pitch deck to see how these leaders engage with their team and customers.

Often, investors assume that veterans only operate small traditional brick and mortar companies. In reality, there are many veteran-owned companies on the cutting edge of technology. We have over 950 incredible startup founders, many of whom are generating six to seven figures in revenue.”

Patriot Boot Camp provides active duty service members, veterans, and their spouses with access to mentors, educational programming, and a community of experts and peers to help them innovate and build impactful businesses.

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GLOSSARY

ENTREPRENEURIAL COMPANIES: For-profit businesses that are started by individuals who possess ownership and control of the firm. This excludes businesses that began as either government entities or subsidiaries of larger companies.

MENTORSHIP: A connection through which a mentee has met the mentor at least three times for a minimum of 30 minutes to discuss critical business issues.

SCALE: Companies that have grown to employ 50 or more people.

SUPPORT ORGANIZATIONS: Organizations offering skill-development programs, investment, mentoring, or other support for entrepreneurs and startups. These include incubators, accelerators, and networks.

VENTURE CAPITAL: A type of investment typically for early stage businesses that have high growth potential. Venture capitalists (VCs) often provide expertise in finance and operations, in addition to capital.

VETERAN ENTREPRENEURS: For the purposes of this report, veteran entrepreneurs are defined as founders who are former members of the U.S. Armed Forces (i.e., Air Force, Army, Coast Guard, Marine Corps, and Navy).

METHODOLOGY

SAMPLING FRAME

Companies were included in the sampling frame if they met the following criteria: 1) they were founded in the United States or currently have their headquarters in the United States; 2) they were founded in the past 25 years (1993 or later); 3) they operate in high-value sectors as defined in this study; and 4) they are entrepreneurial; i.e. they were started by individuals and did not begin as government entities or local divisions of existing corporations.

INTERVIEWS AND SURVEYS

Endeavor Insight used a survey to collect data on three main topics: founders' motivations for starting their companies, the main challenges they faced and how they overcame them, and their networks. The survey questions came from two primary sources:

- 1 Previous research by Endeavor Insight on how entrepreneurs successfully scale their companies; and
- 2 Interviews with entrepreneurship support programs and investment firms that focus on veteran entrepreneurs.

Entrepreneurs identified for this study received invitations to fill out an online survey or set up a phone interview. Interviews were used for the majority of founders of companies at scale. Endeavor Insight interviewed and surveyed 33 veterans who founded a company at scale, 278 nonveterans who founded a company at scale, 46 veterans who founded companies that are not at scale, and 1,641 nonveterans who founded companies that are not at scale.

Most of the interviews were conducted in 2019. Additional information on the entrepreneurs who are featured as case studies in this report was collected in 2020.

DATA COLLECTION

For the purposes of the analysis, the companies and founders identified were classified into two main groups:

- 1 **Companies at scale:** Companies with 50 or more paid, full-time employees.
- 2 **Companies not at scale:** Companies with 1 to 49 paid, full-time employees.

Endeavor Insight collected data on 239 veteran-founded companies at scale and 473 veteran-founded companies that are not at scale. As a comparison, Endeavor Insight also collected data on companies founded only by nonveterans — 6,229 companies at scale and 53,623 companies not at scale. The lists of companies and their data came primarily from D&B Hoovers, Crunchbase, Pitchbook, Inc. 5,000, as well as company and founder lists provided by entrepreneurship support programs that focus on veterans.

Endeavor Insight also collected data on the founders' work and education history from their LinkedIn profiles or their online biographies.

ANALYSIS

Endeavor Insight analyzed different variables across the veteran and nonveteran, as well as the size-class groups of entrepreneurs described above. In addition, companies were analyzed according to four larger industry groups in order to make comparisons by sector, where applicable. The groups are:

- 1 Advanced manufacturing sectors including those that design and produce electronics, machinery, medical devices, pharmaceuticals, and specialty chemicals;
- 2 High-value research and consulting such as those that provide consumer research, engineering and environmental services, IT consulting, and management consulting;
- 3 Software-based sectors including companies working in cybersecurity, data analytics, e-commerce, and software-as-a-service; and
- 4 Other high-productivity sectors such as lending-based businesses, investment banking, oil and gas extraction, and logistics providers.

-eNDeavor
INSIGHT

Google for Startups