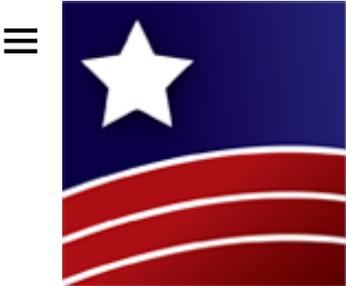




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### Fewer Veterans Are Starting Their Own Businesses. Here's Why It's A Problem. (https://www.usveteransmagazine.com/2017/02/13/fewer-veterans-are-starting-their-own-businesses-heres-why-its-a-problem/)

**Business** (https://www.usveteransmagazine.com/category/business/) Half of all American World War II veterans eventually became entrepreneurs. What happened?

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Entrepreneurship is not an easy path for anyone, but for veterans, it appears to be getting harder. That's troubling for military-veteran business owners (http://www.inc.com/magazine/201610/kimberly-weisul/from-combat-heroes-to-company-founders.html), of course, and for the fellow service members they would hire. But it's also a big problem for the entire U.S. economy (http://www.inc.com/business-insider/starbucks-gives-employees-wage-raise-us-economy.html).

Last century, a stunning 49.7 percent of World War II vets went on to own or operate a business, according to Syracuse University (http://vets.syr.edu/wp-content/uploads/2013/06/IVMF-Intro-to-Business-Textbook-Electronic-Version.pdf)'s Institute for Veterans and Military Families. Some 40 percent of Korean War veterans



did the same—creating millions of jobs along the way. But this century, while the time span has been shorter, the rate of veteran entrepreneurship has been discouragingly low.

So far, only 4.5 percent of the more than 3.6 million people who have served in the U.S. military since September 11, 2001, have launched a company, according to the Bureau of Labor Statistics (<http://www.bls.gov/spotlight/2016/self-employment-in-the-united-states/pdf/self-employment-in-the-united-states.pdf>). That amounts to roughly 162,000 veteran-owned businesses and, since the average such company employs about two people, an estimated 324,000 jobs. (About 200,000 people leave the service each month, adding to the ranks of veterans who may become entrepreneurs.) But if this generation were creating businesses at a rate closer to those who came home after Korea, they'd have started about 1.4 million companies already, and that would have created about 2.8 million jobs.

"The differences are so stark it's unbelievable," says Joseph Kopser, an Army veteran and co-founder of transportation app (<http://www.inc.com/howard-tullman/how-ridescout-demonstrates-the-power-of-the-platform.html>) RideScout. He blames a lack of in-service mentorship for current military members, saying that too many vets now "get a job and settle" rather than launching their own businesses.

There are several other explanations for the drop-off too, starting with drastic changes in the economy. Overall rates of entrepreneurship are down across the board. And gone are the days when a returning soldier could easily segue from running a platoon to running an assembly line and then move up through management, along the way gaining the necessary skills to start a business. Those manufacturing jobs have mostly vanished, eliminating what was once an important bridge from the military to the civilian world.

While vets tend to be more entrepreneurial than the average person, today's vets also have fewer resources in some areas than their predecessors did. For example, while this century's version of the G.I. Bill is considered one of the most generous, it does not provide access to low-interest loans to start a business; the G.I. Bill of World War II did.

"I did approach banks, at first," says Tim Smith, an Army veteran and founder (<http://www.inc.com/magazine/201610/kimberly-weisul/from-combat-heroes-to-company-founders.html>) of Patriot Commercial Cleaning, in St. Louis. "But I didn't have a two-year business history, so I couldn't get any financing." (He eventually was able to get a low-interest loan through a nonprofit, Work Vessels for Veterans—and says he initially wouldn't have been able to make payroll without it.)

Beyond the economic and job-creation problem, the recent decline in new veteran businesses creates a vicious cycle for returning military personnel. Fewer veteran-founded companies means fewer jobs for veterans, and fewer employers who can create the sorts of business and psychological environments most comfortable for those returning from warfare. That means fewer bosses who understand the difficulty of reintegrating after war or the toll of PTSD or more visible war wounds—let alone offer jobs to those suffering from it. In 1996, according to the Ewing Marion Kauffman Foundation ([http://www.kauffman.org/%7E/media/kauffman\\_org/research%20reports%20and%20covers/2015/05/kauffman\\_index\\_startup\\_activity\\_national\\_trends\\_2015.pdf](http://www.kauffman.org/%7E/media/kauffman_org/research%20reports%20and%20covers/2015/05/kauffman_index_startup_activity_national_trends_2015.pdf)), vets founded 12.3 percent of all new businesses; by 2014, that number had sunk to 5.6 percent. And those who once served in the armed forces are 30 percent more likely than other employers to hire other veterans, according to a 2012 study (<http://emarket.franchise.org/VetFranStudy2014.pdf>) from the International Franchise Association.

"There is still some stigma when it comes to employment. People are afraid to hire vets," says James Schmeling, an Air Force veteran and executive vice president of the Student Veterans of America, a nonprofit network.

Todd Connor, a Navy veteran and the CEO of the Bunker Labs incubator for veteran-owned businesses, also says that veterans today may be less well-positioned to do the networking vital to successful entrepreneurship. The draft drew from all segments of society, but in this century's all-volunteer armed forces, service members are more likely to come from military families. "As a result," says Connor, "they are increasingly isolated from the vast majority of Americans who will not serve in the military." That means they lack the outside networks to become successful entrepreneurs, to become role models, "to see that it is even possible for them."

Continue onto [Inc](http://www.inc.com/magazine/201610/kimberly-weisul/missing-veteran-owned-businesses.html) (<http://www.inc.com/magazine/201610/kimberly-weisul/missing-veteran-owned-businesses.html>) to read the complete article.