



THE VETERAN ENTREPRENEUR ECOSYSTEM

*An analysis of where we are now and
policy recommendations to move forward*

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INTRODUCTION

Fostering military veteran entrepreneurship has a powerful effect on veterans, their families, and local economies. When military veterans start businesses, they are more likely to hire other veterans, their families attain more wealth than veteran families who do not start businesses, and they become resources who other aspiring veteran entrepreneurs can turn to in their own entrepreneurial journeys.

However, veteran entrepreneurship and entrepreneurship in general are both on the decline in the United States. Entrepreneurship is a vital component of job creation and economic vitality, and it's imperative that we find ways to foster entrepreneurship, especially in populations that have both high potential for success and specific resource needs, such as transitioning service members and military veterans.

Based on research from multiple sources including the Kauffman Foundation, we believe that an ecosystem-based approach is the best way to foster entrepreneurship in general and for military veterans and military spouses. This white paper provides an introduction into veteran entrepreneurship trends, the best ways to foster veteran entrepreneurship, and recommendations for policy makers interested in being a part of revitalizing local economies and improving access to entrepreneurship to veterans and military spouses.

Military veterans are 30 percent more likely than their civilian peers to employ other veterans.



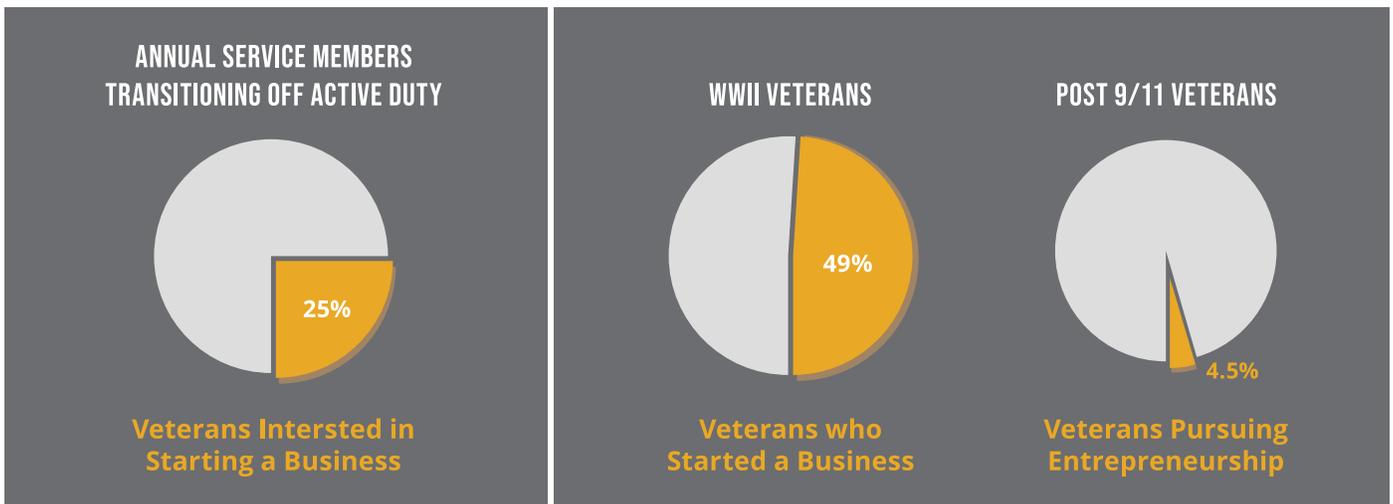
FOSTERING MILITARY VETERAN ENTREPRENEURSHIP

Over the past four years of working with veteran entrepreneurs and partners across the United States, we have come to understand the importance of fostering entrepreneurship in the military community, as well as the many ways that the needs of veterans and entrepreneurial communities intersect.

VETERAN ENTREPRENEURSHIP TRENDS

More than 200,000 service members transition off of active duty every year and nearly 25 percent of veterans are interested in starting a business.¹ These numbers do not reflect the additional numbers of military spouses who are interested in starting a business and who may have a particular incentive to do so because they have difficulty accessing traditional employment due to frequent relocations, caregiving obligations, or both.

Forty-nine percent of World War II veterans went on to start a business, yet today, only 4.5 percent of post 9/11 veterans are pursuing entrepreneurship.² Younger veterans are also lagging behind their civilian counterparts in pursuing entrepreneurship: In 2011, only 11.5 percent of veteran entrepreneurs were under the age of 45, compared to the overall United States population, where founders under the age of 45 made up more than one-third of all entrepreneurs.³



- 1 Joint Chiefs of Staff, “Veteran Reintegration: Useful Data” October 2014, http://www.jcs.mil/Portals/36/Documents/CORE/1410_Veteran_Reintegration_Useful_Data.pdf; Institute for Veterans and Military Families (IVMF), “The State of Veteran Entrepreneurship Research: What We Know and Next Steps,” November 2016, [https://www.michigan.gov/documents/Business_Ownership_in_the_Veteran_Population_110550_7.pdf](https://ivmf.syracuse.edu/wp-content/uploads/2016/11/ENTREPRENEUR_JPMC_PAPER/PAGES11.21.16_LR.pdf?q=/vetbizowner&_4; Waldman Associates, “Entrepreneurship and Business Ownership in the Veteran Population,” 2004, <a href=), 38.
- 2 Institute for Veterans and Military Families, “Access to Capital is Greatest Barrier for Veterans with Dreams of Business Ownership,” 2017, <https://ivmf.syracuse.edu/2017/11/21/access-capital-greatest-barrier-veterans-dreams-business-ownership/>; U.S. Bureau of Labor Statistics, “Self-employment In The United States,” March 2016, <http://www.bls.gov/spotlight/2016/self-employment-in-the-united-states/pdf/self-employment-in-the-united-states.pdf>, 10.
- 3 Small Business Administration (SBA), “Veteran-owned Businesses and their Owners— Data from the Census Bureau’s Survey of Business Owners,” March 2012, <https://www.sba.gov/sites/default/files/393tot.pdf>, 54.



The low rate of recent veteran entrepreneurship may be due in part to a lack of relevant and effective support among the resources and spaces frequented by the military community. While there are numerous veteran service organizations in the United States, many of which provide employment programs, these are focused on more traditional forms of post-service employment. There are few programs that support military veterans who are interested in pursuing careers in entrepreneurship.

Furthermore, while there are many programs in the United States that are designed to support aspiring entrepreneurs, they are heavily concentrated in a few major metropolitan areas and most charge a fee, expect to take equity in company, or both. Fees and equity requirements can be cost prohibitive for military veterans and military spouses who are at the early idea stage or are still exploring whether entrepreneurship is the right path for them, and therefore these programs are often not good fits or realistic opportunities. Additionally, these existing entrepreneurial programs

are not specifically prepared to support the unique strengths and experiences that veterans and military spouses bring to their entrepreneurial journeys.

“THE REALITY IS THAT WE ARE IN THE MIDST OF A THIRTY-YEAR DECLINE IN ENTREPRENEURSHIP ACTIVITY. ALTHOUGH ENTREPRENEURSHIP IS DISCUSSED A LOT, AMERICANS ARE STARTING NEW BUSINESSES AT ABOUT HALF THE RATE THEY WERE A GENERATION AGO.”

The United States is experiencing a broader decline in entrepreneurship which necessitates the development of new strategies to foster this important component of economic growth and employment opportunities. The Kauffman Foundation writes that, despite increased discussion around the topic of entrepreneurship in recent years, “the

reality is that we are in the midst of a thirty-year decline in entrepreneurship activity. Although entrepreneurship is discussed a lot, Americans are starting new businesses at about half the rate they were a generation ago.”⁴

Although the past few years have seen an uptick in entrepreneurial activity, the Kauffman Foundation reports that many entrepreneurial indicators are still below their pre-2007 levels. Furthermore, the creation of new businesses that create jobs “has been stuck roughly 20 percent lower than pre-Great Recession levels for the last four years and has trended downward for some time.”⁵

4 “The Entrepreneurial Ecosystem Building Playbook 2.0: Why Do Entrepreneurs Matter,” Ewing Marion Kauffman Foundation, last accessed November 2, 2018, <https://www.kauffman.org/entrepreneurial-ecosystem-building-playbook-draft-2/i-why-do-entrepreneurs-matter#discrepancies>.

5 Arnobio Morelix, Victor Hwang, and Inara Tareque, “State Of Entrepreneurship 2017 | Zero Barriers: Three Mega Trends Shaping the Future of Entrepreneurship,” February 16, 2017, http://www.kauffman.org/~media/kauffman_org/resources/2017/state_of_entrepreneurship_address_report_2017.pdf, 3, 7.



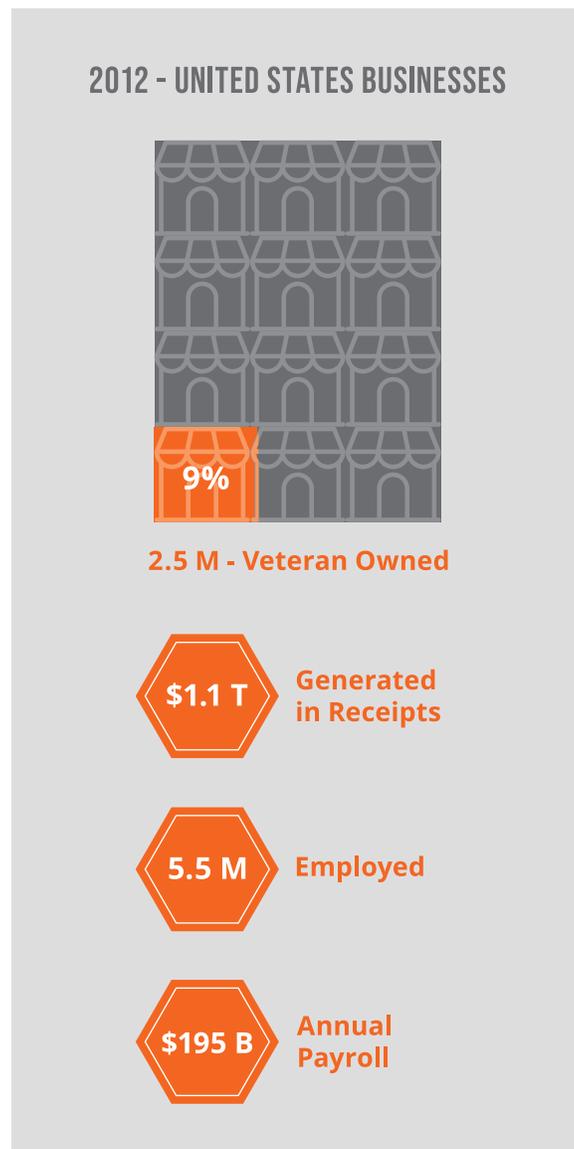
Fostering entrepreneurship among young transitioning service members, veterans, and military spouses has tremendous potential to address the need for entrepreneurial revitalization and to create broader positive economic and community impact. Various researchers have demonstrated that veterans frequently possess characteristics and skills including willingness to take risks, leadership, and creativity, which correlate strongly with being successful as entrepreneurs.⁶ Additionally, even with relatively low levels of veteran entrepreneurship, military veteran business owners are already making a major impact in the United States economy.

In 2012, veterans owned 2.5 million businesses in the United States. These businesses:

- Represented nine percent of all United States businesses
- Generated \$1.1 trillion in receipts
- Employed 5.5 million people
- Had an annual payroll of \$195 billion⁷

Given this data, it is clear that growing the number of successful veteran entrepreneurs could have a substantial impact on economic growth and job creation.

Moreover, these aspiring military veteran entrepreneurs represent an opportunity not just to promote economic growth and the meaningful careers of those entrepreneurs, but also to catalyze the broader military veteran and military family community by building successful businesses which go on to employ other military veterans and spouses. According to a 2014 study by the Franchise Business Review, military veterans are 30 percent more likely than their civilian peers to employ other veterans,⁸ which means promoting the growth of veterans entrepreneurial ventures has a particularly high potential to yield meaningful employment opportunities for military veterans and families beyond the veteran entrepreneurs themselves.



6 Institute for Veterans and Military Families (IVMF), "The State of Veteran Entrepreneurship Research: What We Know and Next Steps," 2016, https://ivmf.syracuse.edu/wp-content/uploads/2016/11/ENTREPRENEUR_JPMC_PAPER/PAGES11.21.16_LR.pdf?q=/vetbizowner&, 7.

7 Ibid., 3.

8 Franchise Business Review for the International Franchise Association, "Veterans in Franchising: A Progress Report," 2014, <https://www.franchisefoundation.org/veterans-franchising-%E2%80%93-progress-report-%E2%80%93-2014>, 1.





Many service-disabled veterans who cannot work in traditional jobs pursue self-employment as it gives them greater flexibility and the ability to pursue an independent and meaningful career.

Similarly, households with veterans who own businesses have higher incomes and wealth than those with veterans who do not own businesses, which suggests supporting veteran entrepreneurship is one way to increase well-being for military families after service members transition.⁹ This economic security and increased wealth also has catalytic potential to free veterans and military families from economic stresses and empower them to undertake civic leadership, business investments, and philanthropy.

In addition to these strong indicators of potential success and impact, military veterans and military spouses often have additional incentives to pursue entrepreneurship which make the need to support this community of entrepreneurs even greater. Many service-disabled veterans who cannot work in traditional jobs pursue self-employment as it gives them greater

flexibility and the ability to pursue an independent and meaningful career. Military spouses often struggle to pursue careers amidst frequent relocations, and still others have caregiving obligations (for families, disabled veterans, or both) that make self-employment an advantageous option. Research indicates that limited employment options are a factor that prompt some veterans to pursue entrepreneurship, although the extent of this is not well understood.¹⁰ While it would be preferable if veterans and military spouses did not face these employment challenges, so long as they do, it is imperative that we do our best to support those who seek economic well-being and independence, as well as career fulfillment, through entrepreneurship.

9 Institute for Veterans and Military Families (IVMF), "Center of Excellence for Veteran Entrepreneurship: Veteran Entrepreneurship Facts and Resources," March 2016, http://veteranentrepreneurship.org/wp-content/uploads/2016/03/CoE_Infographic.pdf, 1.

10 IVMF, November 2016, 13.



FILLING THE RESOURCES GAP

Bunker Labs addresses this vital need to support veteran entrepreneurs by providing programs, resources, and a thriving national network of entrepreneurs, free of charge, to military veterans and military spouses who are interested in starting a business.

We are industry- and venture stage-agnostic and therefore able to support many entrepreneurs who would fall outside of the scope of other entrepreneurship programs. Moreover, our online programs and platforms are designed to make Bunker Labs fully accessible to the numerous veterans who are living in rural areas, who are homebound, or whose caregiving, work, or other obligations would make it impossible for them to access in-person entrepreneurship programs. Just the subset of veterans living in rural areas or outside of major cities constitutes a substantial portion of our potential community. According to the “Veterans in Rural America” study published by the United States Census Bureau in 2017, about one-quarter of military veterans (5 million) live in rural areas, and 45 percent live in the South, where even urban areas are significantly less likely to provide robust entrepreneurial communities and support.¹¹

Furthermore, while the importance of networks to any entrepreneur’s success is widely recognized (see, for example, extensive research by the Kauffman Foundation), supporting network creation is even more crucial for veterans. Fifty percent of veterans relocate to a city other than their hometown after completing their military service, which has an inevitable impact on the size and strength of their professional networks.¹² With only one percent of Americans joining the military, the pool of possible connections between veterans is also shrinking. Because of these relocations and dwindling size of the military, the need to help military veterans build strong networks and bridge the veteran-civilian gap is even greater for this community of aspiring entrepreneurs. Our online programs, just like our in-person programs, thus focus heavily on helping veterans



Military spouses often struggle to pursue careers amidst frequent relocations, and still others have caregiving obligations (for families, disabled veterans, or both) that make self-employment an advantageous option.

11 Kelly Ann Holder, “Veterans in Rural America: 2011-2015,” American Community Survey Reports, U.S. Census Bureau, January 2017, <https://www.census.gov/content/dam/Census/library/publications/2017/acs/acs-36.pdf>, 1.

12 Sid Sankaran and Jessica Battisto, “Financing their Future: Veterans Entrepreneurs and Capital Access,” New York Federal Reserve and the Small Business Association, November 2018, <https://www.newyorkfed.org/medialibrary/media/smallbusiness/2017/report-on-veteran-entrepreneurs-and-capital-access.pdf>, 7.



entrepreneurs develop their networks, both among each other and in the broader entrepreneurial community. Our virtual programs and online platforms are designed to facilitate peer exchange and connection with veteran and civilian business leaders from across our national network.

Since 2014, Bunker Labs has provided programs and substantive direct support to more than 564 entrepreneurs. This total does not include the number of aspiring or current entrepreneurs who have attended monthly meetups across our 22 chapters. The full number of veterans, transitioning service members, and military spouses that Bunker Labs has impacted is undoubtedly much larger, but difficult to estimate given the range of nationwide events and programs, as well as online communities, that we have provided over the past four years.

Bunker Labs is intentional in creating a community that reflects the diversity of the United States military and we are proud that our programs have over-indexed national averages in terms of diversity and demographics often underrepresented in entrepreneurship.

To date, our program participants have been:

- Eighteen percent Black/African American, 20 percent Hispanic/Latino, eight percent Asian (compared to 12 percent, six percent and two percent of the United States veteran population, respectively)
- Twenty-six percent women (compared to nine percent of the United States veteran population)
- Thirty-seven percent people with disabilities (compared to 21 percent of the United States veteran population)¹³

BUNKER LABS HAS SUPPORTED



564 Entrepreneurs
Since 2014

Furthermore, in our effort to engage the entire military community—including active duty service members and military spouses who also have particular incentives to pursue entrepreneurship—our programs to date have been made up of 11 percent active duty service members, 13 percent National Guard and Reserves, and three percent military spouses.

¹³ "Veterans Day 2016," U.S. Census Bureau, October 25, 2016, <https://www.census.gov/newsroom/facts-for-features/2016/cb16-ff21.html>.



Since 2014, we have seen many of the entrepreneurs we have worked with find new trajectories and achieve tremendous growth for their businesses. Collectively, these entrepreneurs have:

- Generated \$117,436,328 in revenue¹⁴
- Created 1,954 jobs and 418 jobs for military veterans
- Raised \$80,120,447 in capital¹⁵

Yet, what we consider even more important than these quantitative outcomes is what we observe daily in veterans drawing inspiration, camaraderie, and peer support from the Bunker Labs community. In a 2017 survey, one entrepreneur wrote, “Bunker Labs provides a support system of like-minded individuals. The benefits of that are priceless. I can’t describe all the good mentorship, sharing, and introductions that have come from Bunker. Inspirational and encouraging.”¹⁶ We have read many similar responses in our mid- and post-program surveys.

However, what entrepreneurs do clearly need is access to the right people—customers, talent, suppliers, investors, mentors—at the right time and in the right place.

14 Excludes companies whose revenue exceeded \$10 million, in order to prevent a small number of companies from drastically affecting impact metrics.

15 Institute for Competitive Inner Cities (ICIC), “JPMorgan Chase Small Business Forward Grantee Evaluation: Bunker Labs,” December 2017 & December 2018, unpublished (PDF available upon request); Bunker Labs ongoing participant surveys.

16 ICIC Survey, 147.



THE ECOSYSTEM APPROACH

Bunker Labs is as much an Entrepreneurship Support Organization (ESO) as it is a Veteran Support Organization (VSO). Accordingly, we are committed to building our programs and organization with a foundation in best-in-class entrepreneurship research. This research, led by the Kauffman Foundation, the Institute for Competitive Inner Cities (ICIC), JPMorgan Chase and others, has explored various approaches to supporting entrepreneurs as they start and grow their businesses. While there are many ways to assist entrepreneurs including workshops, accredited education, connections to sources of capital, technical assistance for Veteran Owned Business (VOB) certifications, or advocacy for diversity, the research is clear that entrepreneurs perform best in places that offer rich ecosystems for entrepreneurs to draw from. As the Kauffman Foundation writes, “there is a new emerging role, profession, and community of practice that is required—that of the ecosystem builder.”¹⁷ Taking an ecosystem approach to facilitating entrepreneurship requires ensuring that there is relationship density, strong network effects, and connected resources for entrepreneurs.

Indeed, recent entrepreneurship research clearly indicates that an ecosystem-building approach is much better suited to address entrepreneurs’ most common and important needs than many more traditional approaches to entrepreneur support. A researcher from the Kauffman Foundation observes a “growing appreciation of the limits of strategies focused narrowly on financing



If we commit ourselves to ensuring veterans have access to rich entrepreneurial ecosystems, it obligates us to ensure that veterans have locally thriving networks that provide them access to their local entrepreneurship ecosystem as well as to national networks & opportunities.

¹⁷ “The Entrepreneurial Ecosystem Building Playbook: Introduction,” Ewing Marion Kauffman Foundation, last modified September 22, 2017, <https://www.kauffman.org/entrepreneurial-ecosystem-building-playbook/introduction#preface>.



or training entrepreneurs,” and further states that the most effective entrepreneurial interventions pay “specific attention to the operational context.”¹⁸

Similarly, Professor Daniel Isenberg writes that coworking spaces, accelerators, and education in entrepreneurship are not necessary for success and that such “piecemeal” programs that support only some parts of an entrepreneur’s needs may only exacerbate problems.¹⁹ However, what entrepreneurs do clearly need is access to the right people—customers, talent, suppliers, investors, mentors—at the right time and in the right place.²⁰ And it is clear that every entrepreneur’s needs are slightly different and that an environment where entrepreneurs can choose the right mix of programs and supports for themselves is best suited to the diversity of an entrepreneurial community.²¹

Our own experience with veteran entrepreneurs further demonstrates the impact of a richly-connected ecosystem. In a 2017 third-party survey of Bunker Labs entrepreneurs, the most frequent response to the question, “How has Bunker Labs helped your company grow?” was mentoring (57.3 percent of respondents). Six of the eight most common responses to this question dealt specifically with connections that the Bunker had facilitated, including to technical business resources and support organizations (45.5 percent), to investors (31.5 percent), or to new customers (26.6 percent). In the same survey, one entrepreneur wrote, “They have built a huge network and if anyone ever has a question or a problem then it never goes unanswered, they will immediately connect you with a professional or another entrepreneur who has the answer.”²² In addition to the evidence offered by surveys like this, our local teams have observed time and again how a connection made through our network can completely change the trajectory of an entrepreneurial venture.

HOW HAS BUNKER LABS HELPED YOUR COMPANY GROW?

- Mentoring
- Technical Business Resources & Support Organizations
- Investors
- New Customers

18 Philip E. Auerswald, “Enabling Entrepreneurial Ecosystems: Insights from Ecology to Inform Effective Entrepreneurship Policy,” Kauffman Foundation Research Series on City, Metro, and Regional Entrepreneurship, October 2015, https://www.kauffman.org/-/media/kauffman_org/research-reports-and-covers/2015/10/enabling_entrepreneurial_ecosystems.pdf 1, 3.

19 Daniel Isenberg, “What an Entrepreneurship Ecosystem Actually Is,” Harvard Business Review, May 12, 2014, <https://hbr.org/2014/05/what-an-entrepreneurial-ecosystem-actually-is>; Daniel Isenberg, “The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurship,” The Babson Entrepreneurship Ecosystem Project, May 11, 2011, <http://entrepreneurial-revolution.com/2011/05/11/the-entrepreneurship-ecosystem-strategy-as-a-new-paradigm-for-economic-policy-principles-for-cultivating-entrepreneurship/>, 8.

20 Auerswald, 13; Isenberg, “What an Entrepreneurship Ecosystem Actually Is.”

21 Yasuyuki Motoyama, Jared Konczal, Jordan Bell-Masterson, and Arnobio Morelix, “Think Locally, Act Locally: Building a Robust Entrepreneurial Ecosystem,” Ewing Marion Kauffman Foundation, April 2014, https://www.kauffman.org/-/media/kauffman_org/research-reports-and-covers/2014/04/1mc_think_locally_act_locally.pdf, 1.

22 ICIC Survey, 149.



Accordingly, if we commit ourselves to ensuring veterans have access to rich entrepreneurial ecosystems, it obligates us to ensure that veterans have locally thriving networks that provide them access to their local entrepreneurship ecosystem as well as to national networks and opportunities. What this also means is that where organizations exist that are offering direct programming or technical assistance to veterans, our job is to connect veterans to those resources rather than trying to recreate or compete with those programs. We have established and will continue to grow a core competency as an “ecosystem builder” that delivers network effects for military veterans working to start and grow their own businesses. We will invest in this core competency and look to strategic partnerships to support aspects of the entrepreneur’s journey in which our partners bring their best in class capabilities. In the words of the Kauffman Foundation, we will seek to be the champions and conveners for the veteran entrepreneurship ecosystem.²³

23 “The Entrepreneurial Ecosystem Building Playbook: Ecosystems,” Ewing Marion Kauffman Foundation, last modified September 22, 2017, <https://www.kauffman.org/entrepreneurial-ecosystem-building-playbook/ii-what-are-entrepreneurial-ecosystems#>.



RECOMMENDATIONS FOR POLICYMAKERS

For elected officials and policymakers, the good news is that stand-alone systems of support for military veterans may not be required. What *are* required are intentional and inclusive policies to ensure that military veterans and their spouses have low-barrier and high-inclusive opportunities for participation in the startup economy.

It's important to note that policies that help entrepreneurs generally also help military veteran entrepreneurs. Small business tax credits, low corporate taxes, universal health care, efficient and low-barrier regulation, simple and supportive government compliance, and a rich private-sector ecosystem of support are all conditions that support early-stage entrepreneurs and create incentives for participation and risk taking. Additionally, there are specific actions that elected officials and government can take to ensure opportunities are created for military veterans to start their own business.

Below are our top recommendations, in priority order, for leaders, officials, and policymakers to consider in order to better support veteran and military spouse entrepreneurs:

1| CREATE TAX INCENTIVES FOR VETERAN ENTREPRENEURS

“Tax incentives reduce the financial burden on fledgling veteran entrepreneurs and make it easier to get a new business off the ground.”

Tax incentives reduce the financial burden on fledgling veteran entrepreneurs and make it easier to get a new business off the ground. We encourage all levels of state and local government to reduce taxes, from commercial property taxes to sales taxes, for veteran owned small business (VOSBs) or for all types of small business.

Similarly, we also encourage state and local governments to provide tax credits to veteran-owned businesses and small businesses that employ veterans ([similar to the federal Work Opportunity Tax Credit](#)). Hiring veterans helps returning service members building meaningful careers, and it also helps aspiring veteran entrepreneurs create a stable financial and skill base before launching their own startup.

2| PROMOTE AND CELEBRATE VETERAN SMALL BUSINESSES

“Encouraging shopping at VOSBs is a way for the community to support those who served, which we believe many people would be eager to do with the right information and awareness.”



In the last few years, there have been large, nationwide campaigns urging consumers to “shop small” and “shop local.” Civic, political, and community leaders can use the same approach to encourage people to shop at veteran-owned small businesses. Encouraging shopping at VOSBs is a way for the community to support those who served, which we believe many people would be eager to do with the right information and awareness.

Initiatives can be as grassroots as a social media campaign carried out by a community organization or as formalized as a state legislature or executive office declaring a specific day “Veteran Business Tax-Free Day.”

Options include:

- Create a state and city-wide annual Veterans Business Week
- Create and host an annual Veterans Business Fair
- Create a Veteran Business Tax-Free Day
- Focus local Shop-Small Saturday (the day after Black Friday) awareness campaigns on VOSBs
- Encourage the mayor to talk about and promote VOSBs
- Set up a monthly Veteran Business Stakeholder Meeting ([as done by the mayor of DC](#))

3 | SUPPORT ORGANIZATIONS SUPPORTING VETERAN ENTREPRENEURS

“We recommend that state governments create a targeted small business program that helps veterans certify their businesses, join an online directory, bid notifications, non-competitive bid opportunities, and bond waivers similar to Iowa’s Targeted Small Business program.”

There are many organizations, including Bunker Labs, that support veteran entrepreneurs. State and local governments and private organizations can help these organizations provide the services they specialize in through funding, outreach and relationship building, and other resources.

For example, both state and local governments and organizations can invite veteran support organizations to apply for grants or other sources of funding. Civic and government leaders can also create state- and city-level coalitions for veteran-owned businesses similar to the national Coalition for Veteran Owned Business. Finally, we recommend that state governments create a targeted small business program that helps veterans certify their businesses, join an online directory, bid notifications, non-competitive bid opportunities, and bond waivers [similar to Iowa’s Targeted Small Business program](#).



4 | CREATE ACCESS TO GOVERNMENT CONTRACT OPPORTUNITIES

“We recommend setting aside at least three percent of state, county, and city contracts for veteran-owned small businesses.”

Many regions already provide preferential access to government contract opportunities to veteran owned businesses, but in areas where that is not currently the case, we recommend setting aside at least three percent of state, county, and city contracts for veteran-owned small businesses. A similar goal exists at the federal level.

Other ways to increase access to government contract opportunities include:

- Create VOSB set-aside programs at the state, county, and city level to reserve certain types of contracts for VOSBs only (or generally for small businesses, [similar to Illinois’ program](#)).
- Create point preference programs at the state, county, and city levels for VOSBs, particularly disabled VOSBs and service-disabled VOSBs
- Create mentor-mentee programs to help VOSBs partner with larger contractors to bid and win state, county, and city contracts.
- Reserve certain types of contracts only for VOSBs (such as physical security guards).

Note that it is important to make sure that any preferential access initiatives are created with safeguards that ensure businesses don’t improperly take advantage of the system and that businesses are truly small and veteran-owned.

5 | SUPPORT ACCESS TO CAPITAL INITIATIVES

“Veterans apply for financing at a similar rate than non-veterans but are approved for loans at a rate approximately 10 percent lower than their non-veteran peers.”

According to a 2018 report by the New York Federal Reserve and the Small Business Association, veterans apply for financing at a similar rate than non-veterans but are approved for loans at a rate approximately 10 percent lower than their non-veteran peers. Unsurprisingly, 60 percent of veteran-owned businesses report financing shortfalls compared to 52 percent of non-veteran-owned businesses.²⁴ A few of the possible factors impeding veterans from gaining capital include the comparatively small size of loans requested, which are less attractive to banks, and the impact of the military on veterans’

²⁴ New York Federal Reserve and the Small Business Association, November 2018, 10-12.



credit scores. Veterans have not had the same opportunity to build strong credit histories as their civilian peers due to their time in the military and tend to have lower credit scores.²⁵

State and local governments and entrepreneurship support organizations can help veterans bridge that gap through veteran-owned small business loan programs and veteran loan participation programs ([similar to Illinois' Veteran Loan Participation Program](#)). Additionally, any programs that exist to provide capital to small businesses of all types can help veterans as well, so long as veterans are informed of these programs and how to apply for financing.

We recommend that states pass truth-in-lending laws that require lenders and finance companies to provide clear and consistent disclosure to small business owners when offering financing and closing a deal such as [California's Truth-in-Lending law](#). We also recommend that states license and regulate entities in the small business lending space and require disclosures, ability to repay standards, and data collections, similar to the [Illinois Small Business Lending act](#) proposed in 2016.

As a final note that applies to all of these recommendations, we suggest advocating in coalition with other entrepreneurship support organizations if possible and when relevant. Having multiple points of view will help strengthen advocacy, and presenting a united front to state and local legislators will make success more likely.

We suggest advocating in coalition with other entrepreneurship support organizations if possible and when relevant.

25 New York Federal Reserve and the Small Business Association, November 2018, 6, 14-15.



CONCLUSION

Bunker Labs is committed to empowering military service members, veterans, and families to take charge of their destinies through entrepreneurship, and to doing so in a way that recognizes the unique strengths and challenges that members of the military community bring to their entrepreneurial journeys. By taking on the role of nationwide ecosystem conveners and champions for veteran entrepreneurs, Bunker Labs will center the future of our organization around research-based programmatic strategies grounded in the needs of the military community. After conducting thorough research and reflecting on our own data and observations, we believe that the policy recommendations we laid out in this document will help advance veteran entrepreneurship nationwide.

This policy work presents a unique opportunity to create ever-increasing impact for the military community and for the United States as a whole. By empowering military veterans to thrive as entrepreneurs, we will foster a community of successful veterans who are likely to use that success to in turn support other military veterans. Successful veteran entrepreneurs may choose to hire other military veterans, invest in other veteran-led startups, donate to veterans' causes, or become leaders in veteran support and entrepreneur support organizations. Every dollar invested in helping veteran entrepreneurs today represents potential not only for economic growth and job creation, but also for continual reinvestment that could lead to a veteran entrepreneurship support ecosystem that is largely self-sustaining.

Bunker Labs is one of six organizations the Kauffman Foundation selected for their inaugural Entrepreneurs' Policy Network initiative, designed to bring the voices of entrepreneurs to state-level policy debates. As part of the initiative, the Kauffman Foundation provided grant funding to Bunker Labs to conduct advocacy work on behalf of veteran entrepreneurs, including this white paper.

This content is solely the responsibility of Bunker Labs and doesn't necessarily reflect the official views of the Kauffman Foundation.

