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### 2022 National Survey of Military-Affiliated Entrepreneurs: Veteran Entrepreneurship across Urban and Rural Places

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DATA BRIEF | AUGUST 2023

2022 National Survey of Military-Affiliated Entrepreneurs:

# Veteran Entrepreneurship across Urban & Rural Places

Significant advancements have been achieved in the realm of training and bolstering veteran entrepreneurs over the past two decades; however, they continue to encounter obstacles. These challenges encompass various aspects such as the cultivation and effective utilization of social connections, the identification of suitable mentors for success, access to appropriate financial resources, and the acquisition and application of business acumen and management proficiencies. It is noteworthy that while the nature of these challenges may differ based on geographical locations, each local entrepreneurial ecosystem possesses distinct characteristics to support veteran and military-connected entrepreneurs. Regrettably, our understanding of the specific dynamics in these areas, particularly in urban and rural locales, remains limited. Thus, this brief concentrates on the subject of veteran entrepreneurship in rural environments.

## BY THE NUMBERS: Veterans by Geography

According to data from the *Atlas of Rural and Small Town America* produced by the Economic Research Service of the U.S. Department of Agriculture, around 3 million out of the 17 million veterans in the U.S. were living in non-metropolitan areas as of 2021. These veterans make up around 8% of non-metropolitan residents, compared to around 6% of all U.S. residents overall.

The U.S. Census Bureau's 2018 Annual Business Survey reports that there are over 1.9 million veteran owned businesses (including around 484,000 employer firms and 1.5 million nonemployer firms) with an estimated \$1.2 trillion in revenue, approximately 5.2 million employees, and about \$232.6 billion in annual payroll.

Although data for rural nonemployer businesses are not available, the 2020 Annual Business Survey reports:

- There are more than 413,000 veteran-owned employer firms, of which around 68,000 are in rural places (16%).
- Veteran-owned employer firms in URBAN places account for more than \$1 trillion in revenue, employ more than 4.2 million employees, and account for around \$198 million in annual payroll.
- Veteran owned employer firms in RURAL places account for more than \$115 million in revenue, employ more than 480,000 employees, and account for more than \$21 million in annual payroll.

### About this Research Effort

#### The National Survey of Military-Affiliated Entrepreneurs (NSMAE)

is a multi-year study of veteran and military spouse entrepreneurs. This effort is one of the first national initiatives to develop data-driven research focused on military-affiliated entrepreneurship. The research seeks to gain better insights and understanding of military-affiliated entrepreneurs and identify economic, political, and socio-cultural factors that serve as barriers to entrepreneurship for military-affiliated individuals. To learn more about this study and other briefs, publications, and presentations visit [ivmf.syracuse.edu/nsmae-series](http://ivmf.syracuse.edu/nsmae-series).



*The findings in this brief are based on the data collected from 2022 NSMAE survey. The findings reported here are from a cross-sectional sample of 1,358 veteran entrepreneurs, representing 85% of the respondents in the 2022 survey.*

# Comparing Urban & Rural Veteran Entrepreneurs

## POPULATION

**39%** of the veteran business owners surveyed lived in a small town (Under 50k) or rural place.

61% in Urban Communities	39% in Rural Communities
27% Large metropolitan area (over 500,000)	27% Small city or town (under 50,000)
10% Large city (250,000 - 500,000)	11% Rural but not farm or ranch
23% Medium-sized city (50,000 - 250,000)	4% Farm or ranch

## DEMOGRAPHIC PROFILE

- 76% of veteran business owners in rural areas are male and 24% are female (same as URBAN)
- Average age of a veteran business owner in rural areas is 57 (same as URBAN)
- 79% of veteran business owners in rural areas have a service-connected disability / 85% of veteran business owners in urban areas have a service-connected disability

### Race/Ethnicity

Race/ethnicity varies for veteran business owners within and between rural and urban areas

	RURAL	URBAN
White	76%	66%
Black/African American	15%	25%
Hispanic or Latino/a/x or Spanish origin	7%	10%
American Indian or Alaska Native	6%	3%
Asian	2%	2%
Middle Eastern or Northern African	1%	1%
Native Hawaiian or Other Pacific Islander	1%	0%
Some other race or ethnicity	1%	1%

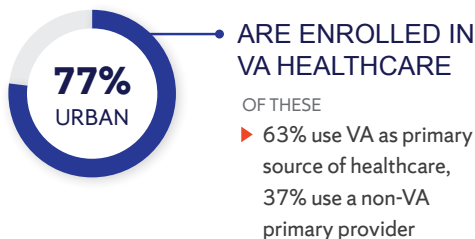
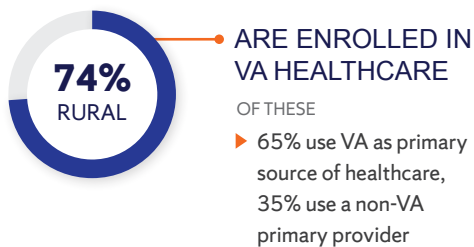
## FAMILY BUSINESSES

- 59% of veteran business owners in rural areas have co-owners who are family members
- 47% of veteran business owners in urban areas have co-owners who are family members

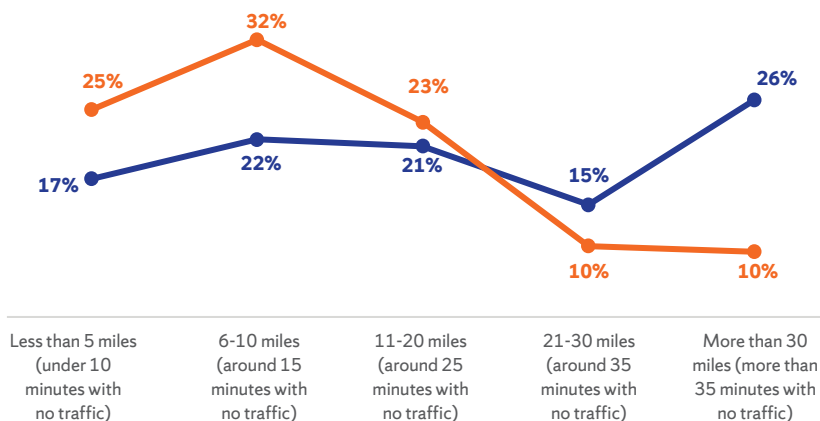
### Family businesses by place

	RURAL	URBAN
Parents ever started/owned a business	41%	37%
Family plays a role in business decision making	37%	29%
Consider your business a 'family business'	37%	30%

## HEALTHCARE ACCESS



About how far do you have to travel to access healthcare?



# SUPPORT IN THE LOCAL COMMUNITY



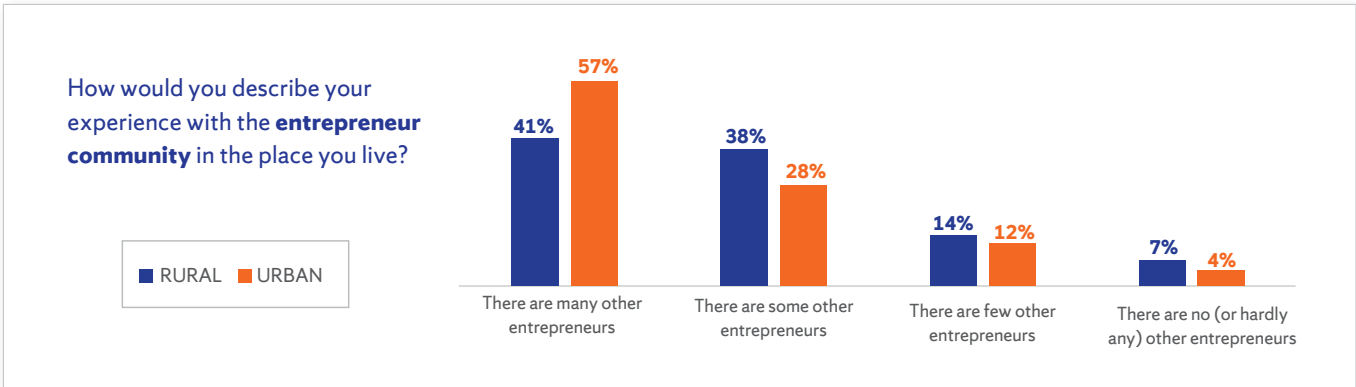
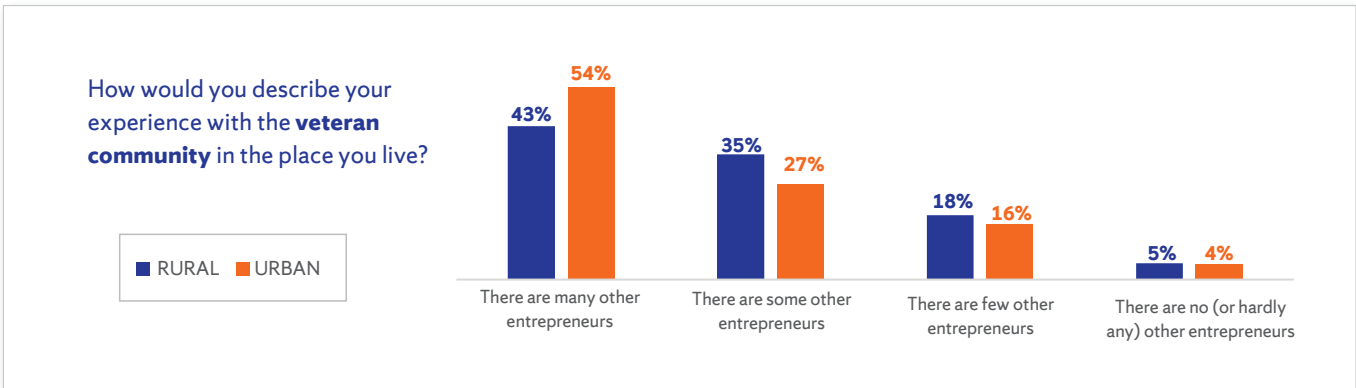
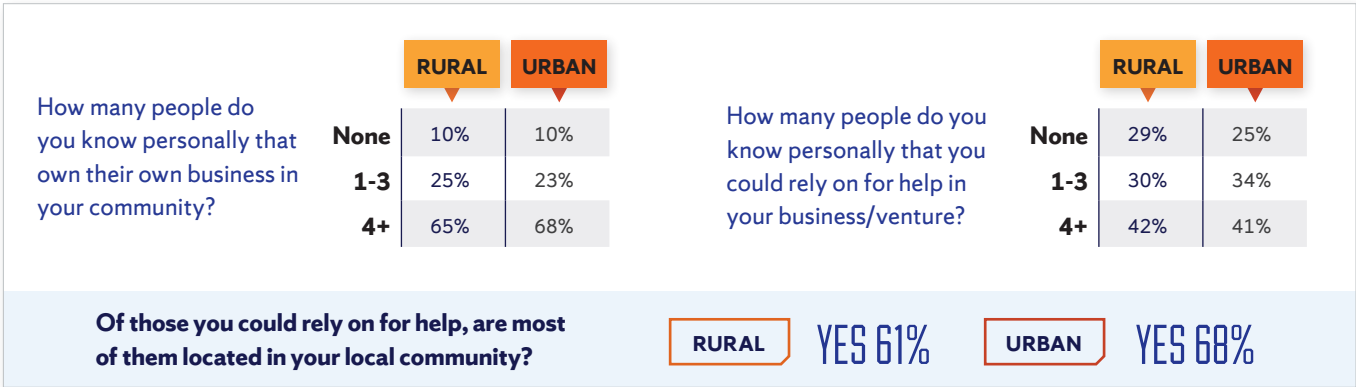
Local community connections are crucial to veteran entrepreneurs because they foster a sense of belonging, promote social support networks, and enable veteran entrepreneurs to enlist peers and mentors for help in their business ventures. Although rural communities are valued for generally having stronger social and community ties, finding other veterans or entrepreneurs may not be as easy in some rural communities.

The data show that:

- Rural and urban veteran entrepreneurs report similar numbers of business social connections

However, rural veteran entrepreneurs:

- Are less likely than urban veteran entrepreneurs to have the people who could support them located in their local community
- Estimate that there are fewer veterans and fewer entrepreneurs living in their local community compared to urban veteran entrepreneurs



# Comparing Urban & Rural Local Business Environment



The business environments in rural and urban places have different strengths and weaknesses, which can affect how entrepreneurs access resources to develop and grow their businesses.

KEY DIFFERENCES INCLUDE:

- ▶ Rural entrepreneurs need in-person business support, but relevant resources operating within a reasonable distance are more often lacking
- ▶ Local market customers are slightly more important to urban businesses than rural ones

## BUSINESS RESOURCES AND LOCAL MARKETS

When thinking about the resources you need to operate a business, do you agree or disagree with the following statements: (percent who agree/strongly agree)

	RURAL	URBAN
I use a combination of online and in-person resources for my business needs	69%	67%
Resources in my community are available to me within a reasonable physical distance	47%	57%
When I use online resources, it is because they are better or more relevant than what is available in my community	41%	43%
I would prefer to use in-person resources, but do not because relevant resources are not available near enough to me	34%	28%
The types of resources that are available in my community are relevant to my business needs	33%	43%
I would prefer to use in-person resources, but do not because of physical distance	29%	29%

How important are customers from the local market (e.g., the community in which you live or operate your business) to what you do?

	RURAL	URBAN
Important	60%	64%
Neither	15%	16%
Unimportant	25%	20%

## RURAL-URBAN DIFFERENCES IN BUSINESS CHALLENGES

Rural business owners were significantly **LESS LIKELY** than urban business owners to report:

- ▶ Opening a business bank account to be easy or very easy (84% vs 89%)
- ▶ Asking others for assistance to be easy or very easy (47% vs 57%)
- ▶ Finding a local business incubator or nonprofit that helps business owners to be easy or very easy (20% vs 29%)

Rural business owners were significantly **MORE LIKELY** than urban business owners to report:

- ▶ Finding a local business incubator or nonprofit that helps business owners to be difficult or very difficult (53% vs 44%)

# BUSINESS OPERATIONAL CHALLENGES

CHALLENGES FOR RURAL BUSINESS OWNERS (compared to urban)



Please rate how difficult it was for you, personally, to do each of the following:  
(Percent rating the activity as DIFFICULT or VERY DIFFICULT)

		RURAL	URBAN
<b>FINANCIAL BARRIERS</b>	Applying for grants from nonprofits	66%	63%
	Applying for loans	41%	42%
	Applying for COVID-19 Business Relief grants and loans (PPP, EIDL, etc.)	36%	42%
<b>MARKETING &amp; SALES BARRIERS</b>	Social media management	52%	50%
	Marketing your business	49%	46%
	Exporting your businesses' products or services to a national market	49%	52%
	Acquiring a new customer	42%	51%
	Pricing (setting the right price, developing a pricing strategy)	35%	37%
	Developing a website or social media presence for your business	33%	37%
	Doing sales (being a salesperson for your products or services)	33%	37%
	Implementing a sales strategy	33%	40%
	Managing sales operations	31%	37%
	Developing a sales strategy	29%	35%
	Understanding who my target customers are	11%	12%
Customer relationship management	10%	13%	
<b>REGULATION, BUSINESS CLIMATE, &amp; POLICY BARRIERS</b>	Adapting your business during COVID-19 pandemic	36%	36%
	Setting up pay and benefits for your employees	27%	33%
	Paying your business taxes	26%	23%
	Setting up taxes and withholdings	24%	24%
	Registering your company with e-Verify	24%	22%
	Insuring your business	23%	19%
	Obtaining the necessary licenses to operate your business	21%	20%
	Product/service design and development	21%	27%
	Product/service quality control	12%	18%
Opening a business bank account	5%	5%	
<b>SOCIAL &amp; HUMAN CAPITAL BARRIERS</b>	Finding good/qualified salesperson for your business	57%	65%
	Finding a local business incubator or nonprofit that helps business owners	53%	44%
	Finding time to network	45%	42%
	Accessing distribution channels (direct and indirect distribution)	38%	45%
	Navigating the resources in my local community	33%	42%
	Asking others for assistance	31%	25%

# Veteran Entrepreneurs in Rural Places

The places collectively referred to as “rural” encompass remarkably diverse communities. For example, some small towns may rely on tourism while smaller population places might be primarily agricultural. One way to think about these differences is to consider different classifications of rural places. Individuals in different categories of rural places may have different business needs, enter entrepreneurship for different reasons, and may operate different types of businesses.

To explore some of this internal diversity, the next sections compare RURAL places by descending population density:

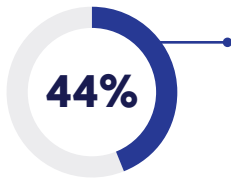
- ▶ Small city or town population (under 50,000)
- ▶ Rural but not farm or ranch
- ▶ farm or ranch



## CHARACTERISTICS OF RURAL VETERAN ENTREPRENEURS

Do you consider yourself a social entrepreneur?

*Social entrepreneur = an entrepreneur who develops products and/or services that create solutions to social, cultural, or environmental issues*



**44%**  
OF RURAL VETERAN  
ENTREPRENEURS  
CONSIDER THEMSELVES  
SOCIAL ENTREPRENEURS  
(URBAN: 45% yes)

- ▶ **44%** Small city or town: 4% are 501(c)(3)
- ▶ **41%** Rural but not farm or ranch: 3% are 501(c)(3)
- ▶ **52%** Farm or ranch: 7% are 501(c)(3)



	Small city or town		Rural but not farm or ranch		Farm or ranch	
Are there any problems or barriers that hindered you in pursuing or achieving your business or entrepreneurial goals?	Problems finding good employees/contracted personnel	39%	Lack of access to capital	30%	Lack of access to capital	54%
	Lack of access to capital	34%	Current economic situation	30%	Problems finding good employees/contracted personnel	43%
	Current economic situation	29%	Irregular income	30%	Lack of financing	32%
	Lack of financing	28%	Taxes and legal fees	29%	Current economic situation	32%
	Federal regulations and policies	24%	Problems finding good employees/contracted personnel	28%	Taxes and legal fees	32%

## REASONS FOR ENTREPRENEURSHIP

Compared to veteran entrepreneurs in small city or town and farm or ranch communities, veteran entrepreneurs in rural, non-farm communities were:

- Slightly more likely to start a business out of necessity rather than opportunity.
- Slightly less likely to start a business because they want a challenge, or to earn extra income they didn't necessarily need.

Did you start operating your business for any of these reasons? (TOP REASONS)



	ALL RURAL	Small city or town	Rural but not farm or ranch	Farm or ranch
Identified a good business opportunity and decided to pursue it	74%	75%	72%	76%
Wanted a challenge to pursue in my life	56%	58%	51%	62%
Did not need to, but wanted to earn more income	21%	23%	16%	24%
Needed to supplement my income beyond what I was earning	16%	16%	16%	14%
Did not want to get a job, or wanted to quit working a job	14%	14%	16%	10%
Needed a main source of income and could not get a job	12%	11%	12%	21%

## BUSINESS DETAILS

Veteran-owned businesses in rural non-farm and farm or ranch communities are more likely to include a product-based component than businesses in a small town or city, reported lower average revenues, and were more likely to have financial losses during 2021.



	ALL RURAL	Small city or town	Rural but not farm or ranch	Farm or ranch
Product-based business	11%	12%	6%	17%
Service-based business	55%	60%	54%	28%
Both product and service-based business	34%	28%	40%	55%



Did your business make a profit in 2021?

	ALL RURAL	Small city or town	Rural but not farm or ranch	Farm or ranch
Loss	29%	26%	31%	38%
Break even	14%	14%	10%	24%
Profit	57%	60%	58%	38%

## AVERAGE RURAL BUSINESS REVENUE:



**\$2,778,474**

(URBAN: Average \$3,892,906)

- ▶ Small city or town: Average: \$3,370,740
- ▶ Rural but not farm or ranch: Average: \$1,833,873
- ▶ Farm or ranch: Average \$1,598,594

## BUSINESS DEBT

Do you have any business debt?

	ALL RURAL	Small city or town	Rural but not farm or ranch	Farm or ranch
YES	46%	45%	47%	56%

## AVERAGE RURAL BUSINESS DEBT:



**\$398,930**

(URBAN: Average \$534,800)

- ▶ Small city or town: Average: \$301,948
- ▶ Rural but not farm or ranch: Average: \$522,339
- ▶ Farm or ranch: Average \$577,667

How much stress does your business's financial condition cause you?



	ALL RURAL	Small city or town	Rural but not farm or ranch	Farm or ranch
None or not very much stress	35%	38%	21%	22%
Some or a great deal of stress	65%	62%	79%	78%

**47%**

of rural veteran entrepreneurs have applied for credit in the past year (URBAN: 50%)

OF THOSE THAT APPLIED FOR CREDIT:

- ▶ **SMALL CITY OR TOWN: 36% TURNED DOWN OR NOT GIVEN AS MUCH CREDIT AS APPLIED FOR.**
- ▶ **RURAL BUT NOT FARM OR RANCH: 49% TURNED DOWN OR NOT GIVEN AS MUCH CREDIT AS APPLIED FOR.**
- ▶ **FARM OR RANCH: 50% TURNED DOWN OR NOT GIVEN AS MUCH CREDIT AS APPLIED FOR.**



# GROWTH OF RURAL VETERAN-OWNED BUSINESSES



Differences in how rural business owners viewed growth and capital needs reflect important differences between agriculturally-focused businesses and businesses in other rural places.

Veteran entrepreneurs in farm or ranch communities:

- Most often considered it realistic their business would double in the next five years and were the most confident that growing their business would not be risky to the business's survival.
- By far needed the most capital to grow or expand their businesses in 2021 and were the most likely to secure either partial or completely the capital they needed.

If you tried to double your sales in the next five years, how risky would that be to the survival of your business?

	ALL RURAL	Small city or town	Rural but not farm or ranch	Farm or ranch
Risky	32%	35%	28%	21%
Neither risky nor safe	26%	25%	28%	29%
Safe	42%	40%	44%	50%

Realistically, how likely do you think your business will double in sales in the next five years?

	ALL RURAL	Small city or town	Rural but not farm or ranch	Farm or ranch
Likely	61%	61%	56%	69%
Neither likely nor unlikely	18%	19%	20%	10%
Unlikely	21%	20%	24%	21%

Total amount or capital needed to expand or grow your business in 2021?

	ALL RURAL	Small city or town	Rural but not farm or ranch	Farm or ranch
None	13%	12%	18%	8%
Less than \$25,000	31%	38%	23%	13%
\$25,000 to \$99,999	26%	24%	32%	21%
\$100,000 or more	30%	27%	27%	58%

Were you able to secure the funding you needed to expand or grow this business?

	ALL RURAL	Small city or town	Rural but not farm or ranch	Farm or ranch
Not at all	35%	35%	38%	24%
Partially	41%	39%	43%	52%
Completely	24%	26%	19%	24%

## ABOUT

Syracuse University's D'Aniello Institute for Veterans and Military Families (IVMF) was founded in 2011, as a partnership between Syracuse University and JPMorgan Chase & Co. Headquartered on the campus of Syracuse University and located in the Daniel and Gayle D'Aniello Building at the Syracuse University National Veterans Resource Center, the IVMF was founded as higher-education's first interdisciplinary academic institute singularly focused on advancing the lives of the nation's military, veterans, and their families. The IVMF team designs and delivers class-leading training programs and services to the military-connected community, in support of the transition from military to civilian life and beyond. Each year, more than 20,000 service members, veterans, and family members engage IVMF programs and services, which are provided at largely no cost to participants. The IVMF's programs are informed by the Institute's sustained and robust data collection, research, and policy analysis team and infrastructure. The D'Aniello Institute's work on behalf of the military-connected community is made possible by gifts and grants from individuals and corporations committed to those who served in America's armed forces and their families. For more information, please visit [ivmf.syracuse.edu](https://ivmf.syracuse.edu).

About Center of Excellence (CoE) for Veteran Entrepreneurship The mission of the Center of Excellence (CoE) for Veteran Entrepreneurship is to create, collect, organize, and share knowledge, resources, and networks to advance entrepreneurial opportunities for transitioning service members, veterans, and their families. With support from founding partner Fiserv, this is accomplished through the development and delivery of innovative programs and educational resources; timely and relevant research and policy analysis; and by cultivating veteran-connected ecosystems across the United States.

## REFERENCES

By the Numbers section uses data from:

Atlas of Rural and Small Town America, Economic Research Service, U.S. Department of Agriculture (updated April 7, 2023). <https://www.ers.usda.gov/data-products/atlas-of-rural-and-small-town-america/> 2018 and 2020 Annual Business Survey (ABS), U.S. Census Bureau. 2018 Nonemployer Statistics by Demographics series (NES-D), U.S. Census Bureau. <https://www.census.gov/programs-surveys/abs/data.html>

The survey results are based on data from the 2022 National Survey of Military-Affiliated Entrepreneurs. Syracuse, NY: Institute for Veterans and Military Families, Syracuse University. <https://ivmf.syracuse.edu/nsmae-series/>

As with most survey research, this study is limited by voluntary self-selection into the sample and self-reporting by participants whose answer to each question item was voluntary. Although recruitment for this study was targeted to include various populations, the finding from this study should not be construed to be representative of the population of all veteran or military-affiliated business owners.

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## SUGGESTED CITATION

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