

A Veteran's Guide to Starting A Small Business



People from all walks of life start new small businesses every day. Veterans of the armed forces are an especially entrepreneurial group, transitioning from military service to business ownership by the millions.

But in an economy where starting a small business is challenging for just about everyone, military veterans face some unique challenges of their own.

Fortunately, by following a few best practices and taking advantage of available resources designed specifically for veterans starting a business, veteran entrepreneurs can get the help they need to build and grow a small business that leverages their skills and expertise.

More Veterans Are Starting Businesses than Ever Before

After they've completed their military service, many veterans decide to pair a return to civilian life with starting their own business.

In fact, according to a 2017 report from the U.S. Small Business Administration

(SBA), the United States has an estimated 2.52 million businesses with veterans as majority owners, out of an estimated 27.9 million total.

The SBA found:

- Veteran-owned small businesses represent 9.1% of all U.S. firms.
- More than 10% of all business owners responding to a 2012 survey given by the U.S. Census Bureau were veterans.
- In that same survey, the Census Bureau found that, collectively, veteran-owned businesses employed 5.3 million people, had receipts of \$1.14 trillion, and an annual payroll of \$195 billion.
- 57% of veteran-owned small businesses were home-based, as compared to 52.2% for small businesses in general
- Veteran-owned businesses had the greatest concentrations in:
 - California (252,377)
 - Texas (213,590)
 - Florida (185,756)
 - New York (137,532)
 - Pennsylvania (97,969)
- These states also accounted for the bulk of sales by veteran-owned businesses, in the same order:
 - California (\$135.1 billion)
 - Texas (\$109.9 billion)
 - Florida (\$57.5 billion)
 - New York (\$55.8 billion)
 - Pennsylvania (\$50.3 billion)
- Entrepreneurship was higher among former service members than the general public. In the private sector, veterans were found to be 45% more likely to be self-employed than non-veterans, and military service was found to be an even stronger indicator of entrepreneurial ambition than graduate-level education.

Their businesses may be small, but there's no denying veteran-owned businesses have a large impact on the economy.

If you're a veteran interested in starting your own business, it pays to develop a solid business plan, tap into the expertise of mentors who have already taken the plunge, and take advantage of the wealth of business training, loan programs, and

veteran entrepreneurship resources available through government, private, and nonprofit organizations.

The old adage about failing to plan being a plan to fail is especially true for small business owners. In developing and documenting your business plan, you'll identify your business' current capabilities and goals, and chart a course for the next two to five years, detailing the path you'll travel to get where you want to go.

Starting Your Own Small Business: The Basics

The SBA's research indicates most veteran business owners (nearly 30%) are drawn to construction and professional/technical services:

- Finance and Insurance (13.2%)
- Transportation and Warehousing (12.1%)
- Construction (11.4%)

These three might be the most popular industries, but they're hardly your only choices.

Just as every entrepreneur is different, so, too, will their businesses be. Regardless of your chosen industry, however, every small business owner benefits from following a few simple best practices when starting their business.

▪ **Step One: Find the Right Business Idea for You**

Some people jump into the business world with both feet, their ideal business already mapped out in their heads—but that's not the case for everyone.

If you know you're ready to join the ranks of veteran business owners but don't know exactly what type of business you want to start, you can narrow the field by answering a few questions:

- **What Needs Can I Meet?** Identifying opportunities can be as easy as

looking around your community and identifying a significant need—ideally, one you can meet using your skills. Solving problems not only helps others, but provides you with a good foundation for developing your business idea *and* sets the stage for goodwill and relationship building that will prove invaluable as your business grows.

- **What Skills Do I Possess?** Depending on the path you traveled before and during your military service, you likely picked up a variety of skills that readily transfer to business opportunities. Maybe you picked up some skills at a military academy, or polished an existing talent during your time in the service. Whatever the case, start strong by choosing a business idea that matches your skills and talents.
- **What Are My Interests?** Being good at a particular task is one thing. Making it your life's passion is another. You don't necessarily have to choose your "dream job" when selecting a business idea, but it pays (literally) to choose one you can see yourself sticking with and building from an idea into a living, breathing business. Find the overlap between your skills, talents, and interests, and you'll be in the right area for a business idea that'll keep you engaged while you strive for success.
- **What Resources Can I Access?** In the business world, as in life, using what you've got to get what you want has been a winning strategy since the first Cro-Magnon inventor tied a rock to a stick. If, for example, you're a talented woodworker with a large collection of tools in your home workshop, you're already well equipped to start making custom furniture. Starting a business can be expensive, and in a world where a lack of capital and investment is a major reason one in five small businesses fail in their first year, it pays to start strong by leveraging resources already at your disposal.
- **What Are My Goals for Work/Life Balance?** Long hours and late nights are often considered standard operating procedure when you're starting a small business, but it's important to plan not just for the startup phase, but for the long haul. After all, you're dedicating your time and talent to building something substantial, and the success of your business relies on understanding your own needs and desires. If, for example, you hate being shackled to an office, be sure to tailor your business to be remote-friendly. If family takes precedence, make sure you choose a business that lets you scale back when needed to spend time with those who matter most—without sacrificing the health of your business!

- Step Two: Craft a Business Plan

The old adage about failing to plan being a plan to fail is especially true for small business owners.

In developing and documenting your business plan, you'll identify your business' current capabilities and goals, and chart a course for the next two to five years, detailing the path you'll travel to get where you want to go.

Business plans are more than just helpful roadmaps, however.

They show creditors and investors you've put serious thought and effort into how you'll grow your business, and why they should contribute to your success.

Note: *Investing in data management tools early on can make a significant difference in the amount of time and effort required to create important documents like your business plan.*

Starting from the jump with a modular, cloud-based, and centralized solution like PLANERGY, for example, makes it easy to capture, organize, and analyze all your financial data.

This, in turn, provides accurate and complete information for financial reporting and forecasts you can use to guide your strategic planning, making your business more attractive to potential investors and lenders who appreciate complete and transparent financials when deciding whether to put their money to work in your business.

- Step Three: Register Your Business

Once you've got your business plan in hand, it's time to get down to brass tacks by obtaining all the registrations and legal documentation required to ensure your business is ready to roll.

Procedures will vary by location, but in general the process looks something like this:

1. **Register Your Business Name.** Taking the time to register your uniquely catchy business name can secure it in four different ways:

- *Entity names* protect businesses at the state level.
- *Trademarks* protect businesses at the federal level.
- *Doing Business As* (DBA) doesn't confer actual legal protection, but may be legally required in your jurisdiction (if, for example, you're registering as a *sole proprietorship, partnership, Limited Liability Corporation* (LLC) or standard corporation).
- *Domain names* protect your business website address(es).

Each registration is independent of the others, but work together to shield your business.

1. **Decide on a Legal Structure.** The type of legal structure you choose will have a direct effect on ownership and corporate leadership roles, federal and state tax filings, and how liability claims against your business are handled. It's best to consult your legal counsel and refer to government guidelines in order to choose the right legal structure for your business.
2. **Obtain the Documents You Need.** Nearly every small business must have either a permit or a business license to, well, do business. Check with your local, state, and federal authorities to determine which documents you need before you open your doors.

Critical Resources for Veterans Starting a Small Business

Overcoming the basic hurdles to business ownership can be tough for any entrepreneur, and these can be compounded by the specific needs of those making the sometimes difficult transition to civilian life from active duty service.

Fortunately, service members pursuing business ownership have access to a wide range of resources (including small business loans, grant programs, contracting opportunities, and entrepreneurship training programs) from the federal government and nonprofit organizations.

Let's take a closer look at the various options available to help military members start, build, and manage their small businesses.

Small Business Grants for Veterans

Getting the capital necessary to start and operate small businesses can be challenging. Grants are critical to providing much-needed financial assistance with limited or no need to repay the amounts awarded.

• **Grant Watch**

A comprehensive and constantly-updated list of government, nonprofit, and corporate grants, Grant Watch is a one-stop shop where aspiring entrepreneurs can comb through more than 14,000 grants to find those specific to veterans, specific areas of the country, or a range of more granular categories to find the perfect fit.

The free version of the site offers limited access, but to get full details you'll need to subscribe for \$15 a week.

• **StreetShares Foundation**

Home of The Veteran Small Business Award, StreetShares gives away \$10,000 in grants to veteran entrepreneurs (and the entrepreneur spouses of veterans) every single month.

• **Hivers and Strivers**

This angel investment group offers equity financing to veteran entrepreneurs who graduated from U.S. military academies.

• **Bob Woodruff Foundation**

Through its robust network of connections with corporate sponsors, nonprofits, and the Office of Veterans Business Development, the Bob Woodruff Foundation seeks to fund and guide programs that meet the needs of veterans and their families.

The Foundation awards a variety of grants focused on helping improve the lives, and livelihoods, of veterans, with specific support for scholarships, licensing and certifications, and entrepreneurial training.

· **Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE)**

Designed specifically to help female veterans and their families, this SBA program (in partnership with Syracuse university) provides online courses, access to conferences, and mentoring services.

V-WISE seeks to help increase the number of female veterans starting new businesses and provide resources that meet their specific needs in a changing global economy.

· **Service-Disabled Veteran-Owned Small-Business Program**

Seeking to help disabled veterans secure source government contracts of up to \$5 million, this SBA program is designed to improve access to business opportunities for veterans who own at least 51% of their business and have service-connected disabilities.

· **Corporate Franchise Programs for Veterans**

Private enterprise has a wide array of options for veteran entrepreneurs.

If you're looking to build a business with an established brand, UPS offers a franchise discount for veterans, Little Caesars has a dedicated Veterans Program, and convenience juggernaut 7-11 offers veterans special discounts and financing options.

· **Entrepreneurship Training Programs and Mentorship**

Through federal and nonprofit programs, aspiring small business owners can find guidance, education, and training that will help them make valuable connections and develop the skills they need to make their business an integral part of their communities.

• **Veterans Business Outreach Centers (VBOCs)**

Offering a smorgasbord of resources to help veterans plan, build, and grow their small businesses, VBOCs are available across the United States.

Veterans can get assistance with every stage of starting a business, from comprehensive feasibility analysis and concept assessments to mentorship opportunities and entrepreneurial training and counseling.

VBOCs offer special resources for disabled veterans (who make up 7.3% of veterans who own small businesses) as well.

• **Boots to Business**

Created by the U.S. Small Business Administration as part of the Department of Defense's Transition Assistance Program, Boots to Business helps military members master the basics of entrepreneurship and begin their journey to entrepreneurship.

It strives to meet the unique needs of veterans, and help them connect with mentors and other business development programs across the country.

• **Service Corps of Retired Executives (SCORE)**

Veterans looking for the wisdom and insight that comes with experience need look no further than SCORE.

With a host of free business workshops and access to volunteer business counselors and mentors, this nonprofit organization is rightly considered an indispensable tool for small business owners of all stripes.

The dedicated veteran entrepreneur resource page on the SCORE website is a smart place to start when looking for mentorship and connections.

• Veteran Entrepreneur Portal

Run by the United States Veterans Administration (The U.S. Department of Veterans Affairs), the Veteran Entrepreneur Portal is “designed to save you time with direct access to the resources necessary to guide every step of entrepreneurship.”

“*Vetpreneurs*” can access financing, get entrepreneurship training to help secure corporate connections, pursue franchising opportunities, and even sign up for the Vets First Verification Program to take advantage of set asides (i.e., limited competition government contracting opportunities) earmarked for veteran-owned businesses.

Are You Ready to Become a Veteran Entrepreneur?

Whether squaring off in battle or preparing to wage war in the fields of commerce, veterans can make powerful and lasting contributions to the health, wealth, and success of the countries they so nobly serve.

And for those eager to turn business opportunities into profitable realities, following best practices, taking advantage of available, veteran-specific resources, and applying their time, talents, and tenacity will help them make the transition from fatigues to a flourishing, vibrant business.

What’s your goal today?

1. Use PLANERGY to manage purchasing and accounts payable

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