Military-Connected Entrepreneurs: 2022 At a Glance

Taking the temperature on the needs and challenges of veterans, military spouses, and military family members running their own businesses.
A Message from Bunker Labs

On this Veterans Day, we pause to recognize the service and sacrifice of the women and men who so bravely support and defend this nation. We stand to recognize all the spouses and family members who make this service possible by giving selflessly of themselves. And we look forward to the continued impact they have community-by-community across this nation.

At Bunker Labs, a national nonprofit working to support veteran and military spouse entrepreneurs, we are dedicated to the success of those striving to live their American Dream. We know that entrepreneurship is challenging, and we are proud to partner with Hello Alice to make that journey a little easier with greater access to opportunity and capital.

Surveyed Bunker Labs companies shared that 62% lack the capital needed, and 89% stated that strong professional networks were critical to success, yet more than 60% say they lack access to these networks. Further, 250,000 service members transition each year and 22% want to start a business, yet only 4.5% of post-9/11 veterans have gone on to pursue their own businesses. This equates to a lost opportunity of nearly 1.4M companies.

Access is a problem. This is uniquely true for the veteran and military spouse community, whose service exacerbates this obstacle thanks to frequent moves, challenges establishing credit, and difficulty building professional networks. As inflation rises and the economy shifts downward, Bunker Labs is working to ignite the American economy via the diverse population of veteran and military spouse business owners. We are doing so by deploying our proven impact model of inclusive entrepreneurial ecosystem development and stage-based cohort programs.

As we look forward, we are proud to partner with Hello Alice to share insights into our community via this report and highlight the unique, inherent capabilities contributing to a more resilient and inclusive economy. When businesses do well, they bring the local community up with them as they add jobs, opportunity, and economic mobility.

To the Hello Alice Team, thank you for the opportunity to work together with an incredibly talented team in support of all those striving to create a better tomorrow as entrepreneurs. It is an honor to be in this mission together.

Happy Veterans Day, and thank you to all who have served and supported those in uniform. Thank you for going above and beyond the call of duty each and every day. Thank you for what you do now to deploy those talents in a second form of service through entrepreneurship. An eager nation awaits the impact you will continue to have, and we are honored to be a small part of your journey here at Bunker Labs.

Semper Fidelis,
Blake H. Hogan, CEO of Bunker Labs
Hello Alice now supports more than 1,000,000 small business owners spanning all industries, demographics, and locations. Within this community, more than 90,000 military-connected small business owners come to Hello Alice for support, funding opportunities, and resources. In honor of Veterans Day and Military Family Month, we take a deep dive into their challenges and needs.

**Raising capital** ranks as the number one challenge for military-connected small business owners for the third year running. In fact, this group continues to over-index in this challenge. While growth has taken over as the number one challenge for non-military owners in 2022, military-connected owners still struggle with raising capital, with nearly 35% ranking it as their top challenge in 2022. That is an 8% increase since Q1, signaling a persistent and worsening funding gap.

In particular, military-connected owners struggle with access to business financing. More than two-thirds of military-connected owners have applied for a traditional bank loan in the last 5 years, and 43% have been denied. That's significantly higher than the 34% denial rate for non-military owners.

Even so, military-connected owners are actually more optimistic than non-military owners, with 87% currently expressing confidence that their business will stay afloat (compared to 84% of non-military owners). In fact, the portion of military-connected owners who say their business is steady has increased more than 10% QoQ and increased 24% from 2021.

Still, lack of capital hampers the ability of military-connected small business owners to stabilize day-to-day operations and pursue growth. According to Hello Alice data, 40% of owners need funding for general operating expenses like utilities, rent, and cost of goods. In addition, a growing portion of owners is focused on funding business growth and customer acquisition. In Q4, 19% of military-connected owners are seeking capital to expand marketing and advertising (+12% from Q3), 17% plan to use it for expanding inventory, and another 9% plan to hire new employees.

**Partner Spotlight**

**Bunker Labs** provides community, programs, and courses to help military veterans and military spouses start and grow successful businesses. Signature programs include:

- **Veterans in Residence** — An early-stage business incubator
- **CEOcircle** — A year-long program that builds a brain-trust of peers
- **Ambassador Program** — A dynamic program connecting military community business owners in the local entrepreneurial ecosystem
Marketing and growth also stand out as unique challenges. Behind raising capital, **growth** (24%) and **marketing** (14%) rank among the top three challenges in 2022 for military-connected small business owners. In particular, the portion of military owners ranking marketing as the top challenge has nearly doubled since 2020.

Among this group, the two most common marketing challenges are expanding search presence and paid advertising. Nearly 60% of owners struggling with marketing cited these as obstacles. Military-connected owners were also more likely to cite difficulties with social media and remarketing. The portion of military-connected businesses ranking social media as an obstacle is 38% higher than the portion of non-military businesses.

Finally, military-connected owners are having trouble accessing credit. When it comes to raising capital, **63% of military-connected owners said building credit is an obstacle**. This is nearly 22 percentage points higher than non-military owned businesses. When asked about credit history, 48% of military-connected owners claimed to have a personal credit card application denied in the last five years, and 33% have had a business credit card application denied.

Increasing access to credit would have profound benefits for the military-connected community. According to survey data, **90% of military owners without business credit believe a business credit card would impact their business in a positive way**. Specifically, 54% said they would use the card to cover unexpected expenses, 53% said they would use it to pursue new opportunities, and 51% said it would allow their business to grow more quickly.

“Due to a combination of higher advertising costs and higher customer acquisition costs, it’s become increasingly difficult to market the business and remain profitable. We’ve invested significantly in organic marketing efforts (SEO, YouTube, social media) to eventually offset the increase in paid advertising costs, but this is a long game, as we build up our marketing ecosystem.”

— Julia Taylor, CEO and Founder of **GeekPack**