

Half of World War II's Veterans Started Businesses. Less Than 5 Percent of Today's Veterans Do.

By Kimberly Weisul



Just 4.5% of veterans who served Sept. 11, 2001 have gone on to become entrepreneurs.

Jessica McGowan/Getty Images

This post original appeared on Inc.

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**, of course, and for the fellow service members they would hire. But it's also a big problem for the **entire U.S. economy**.

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Last century, a stunning 49.7 percent of World War II vets went on to own or operate a business, **according to Syracuse University'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**. 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.

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"The differences are so stark it's unbelievable," says Joseph Kopser, an Army veteran and co-founder of **transportation app 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.

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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** 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**, 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** 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.

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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."

Those who do develop the best networks often credit factors outside the military: In the armed forces, commissioned officers are overwhelmingly college-educated white men, sometimes with credentials from West Point or the Ivy League. They may not have much by way of savings when they leave the military, but they're often well-connected and appealing to both universities and investors.

Despite all of these hurdles, some veterans are leading the entrepreneurial charge--especially over the gender gap. Women vets are starting businesses at rates that far outstrip those of their male peers, civilian and former military alike. Between 2007 and 2012, **according to U.S. Census Bureau data**, the number of women veteran-owned companies almost quadrupled, to about 383,000 from just 97,000. In 2008, 2.5 percent of veteran business owners were women; by 2012, that number had climbed to 4.4 percent.

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Economic and social conditions are drastically different. This metric doesn't mean that we're somehow doing wrong by modern veterans. EDIT: Also, we drafted large swathes of the male population into service in WWII. [More...](#)

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Government contracting preferences have recently made it more attractive for a company to be woman-owned, so some of the numbers may reflect paperwork changes (such as dropping a husband from a co-owner title) rather than broad-based demographic shifts. But those numbers also reflect the work of vets like Tabatha Turman, who's built a thriving financial and accounting contractor on her own, and Dawn Halfaker, who lost an arm in Iraq when her Army unit was hit by rocket-propelled grenades. "In my mind, there is no question that my military training has helped me become a better entrepreneur," says Halfaker, now the founder and CEO of Halfaker and Associates, a technology contractor.

"You go through so much in the military, but really what the military is teaching you is how to be resilient," Halfaker says. "You plan a mission, and then you execute, but nothing ever goes according to plan. Your job is to continue to lead in not-ideal circumstances."

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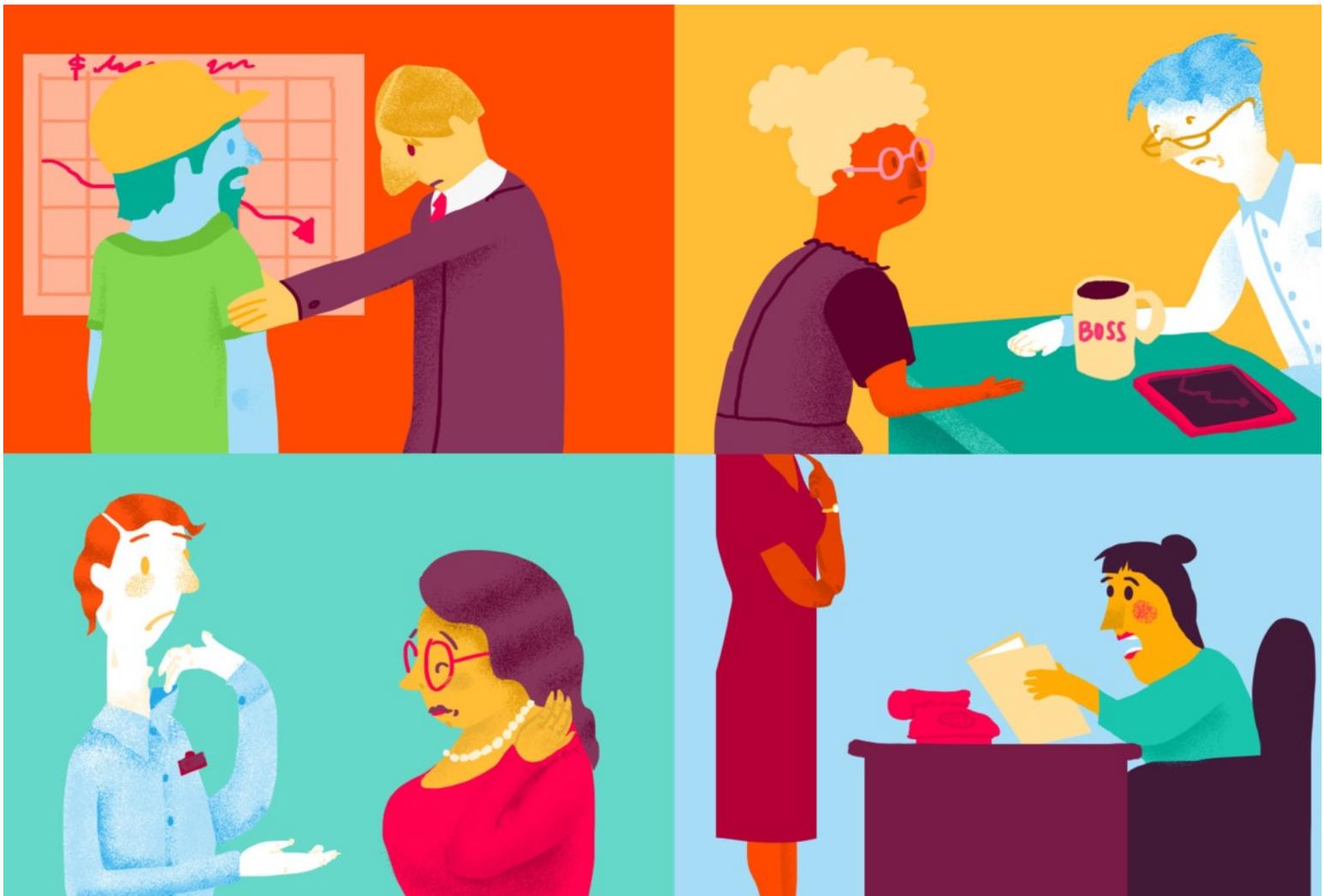


MONEYBOX COMMENTARY ABOUT BUSINESS AND FINANCE.

Why Is It So Hard for Americans to Get a Decent Raise?

A new answer could change how we think about unions, monopolies, and the minimum wage.

By Jordan Weissmann



Natalie Matthews-Rice

If you were a delivery van driver searching for a new job any time between the years of 2010 and 2013, chances are, you wouldn't have found many businesses competing for your services. In Selma, Alabama, there was, on average, just one company posting help wanted ads for those drivers on the nation's biggest job board. In all of Orlando, Florida, there were about nine. Nationwide the average was about two.

The situation for telemarketers wasn't great either. In any given city or town, approximately three companies were trying to hire for their services. Accountants only had it a little better: Roughly four businesses were posting jobs for them.

Those numbers are based on the findings of a new research paper that may help unlock the mystery of why Americans can't seem to get a decent raise. Economists have struggled over that question for years now, as wage growth has stagnated and more of the nation's income has shifted from the pockets of workers into the bank accounts of business owners. Since 1979, inflation-adjusted hourly pay is up just 3.41 percent for the middle 20 percent of Americans while labor's **overall share** of national income has **declined sharply** since the early 2000s. There are lots of possible explanations for why this is, from long-term factors like the rise of automation and decline of organized labor, to short-term ones, such as the lingering weakness in the job market left over from the great recession. But a **recent study** by a group of labor economists introduces an interesting theory into the mix: Workers' pay may be lagging because the U.S. is suffering from a shortage of employers.

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