



# A FORCE FOR BUSINESS:

SERVICE LEAVERS AND SMALL BUSINESS

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YEARS OF SUPPORTING  
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1974 - 2019

# ACKNOWLEDGEMENTS

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This paper was produced by Senior Policy Advisor Richard Hyde, working with FSB Public Relations Manager Kerry Curtis and Senior Public Affairs Advisor Charlotte Taylor-Philip. We are grateful for many FSB members taking time out from running their businesses to contribute to this research, including as case studies through the report.

This policy report forms an important element of FSB's partnership with X-Forces Enterprise, and our shared mission to help service leavers consider self-employment as a means to start-up and scale-up businesses.

# WHO WE ARE

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The Federation of Small Businesses' (FSB) mission is to help smaller businesses and the self-employed to achieve their ambitions. As experts in business, we are a not-for-profit campaigning organisation, established 45 years ago. FSB offers its members a powerful voice which is heard in governments at all levels, as well as a range of inclusive vital business services and products; these range from business banking and access to finance, to legal advice and Inland Revenue Inspection (HMRC) cover. FSB delivers hundreds of networking events across the UK every year as well as running the UK's annual FSB Celebrating Small Business Awards.

FSB is a signatory of the Armed Forces Covenant.

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# FOREWORD FROM MIKE CHERRY

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Setting up and running your own business requires courage, determination and a strong work ethic. These are attributes which service leavers have in spades, and why self-employment is a route well worth considering by those coming towards the end of their time in the Armed Forces.

For those seeking employment, small businesses can often be better than bigger ones at spotting and nurturing talent, rather than discarding a service leaver's job application because some of their skills and qualifications aren't necessarily from a traditional academic route. But there is room for greater support and advice to service leavers on the options of self-employment or finding work within an existing smaller business, and there should be more of a focus on the key skills needed to succeed in enterprise.

At the same time, employers would benefit from a simplified way of understanding and recognising the equivalence between military skills and civilian qualifications. For those service leavers in need of further training and qualifications to achieve their post-military ambitions, there should be more financial support available. And for smaller employers there should be a financial incentive to recruit service leavers, in the form of a one-year holiday from Employer National Insurance Contributions. Adapting from military to civilian life and work is a big transition, but with the right guidance and support more service leavers could join or set up their own small business, bringing vital skills and adding to Britain's economic prosperity.



Mike Cherry OBE,  
National Chairman,  
Federation of Small Businesses

# FOREWORD FROM REN KAPUR

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The insights that have been revealed through this excellent piece of work are a tribute to the behaviours, attributes, skills and knowledge of those remarkable individuals who have not only served their country through military service, but who are now serving their country through job creation, economic growth and entrepreneurial leadership.

Military service; the education, the knowledge and the experiences this provides individuals, is a wonderful foundation on which they can build their own career in self-employment or business ownership – they just don't always know it when they are transitioning from their military institution to the commercial world. This is where X-Forces Enterprise (XFE) has been leading the way since our launch in 2013.

Many skills developed within the Armed Forces community are in high demand in the commercial world of employed work; cyber security, drone technology, telecommunications, logistics, prosthetics, and artificial intelligence, to name just a few. These extremely valuable skills must not be lost to the commercial world, either employed or self-employed – it is likely that these individuals can experience and flourish in both after serving their country so well.

The spotlight that the Federation of Small Businesses is placing on this community is really welcomed. Many small veteran-led business are of course not household names, but you will become familiar with a few of them throughout this report who are featured in various case studies. They will not all turn-out like Tesco or Trailfinder, yes Tesco was established by a WWI veteran some 100 years ago, but hundreds if not thousands of these veteran led businesses will continue to contribute to society for years and decades to come.

The recommendations in this report will no doubt ignite many discussions on focus of activity, resources that are available and the many different priorities that this group of talented individuals have to deal with. There will always be things we and others will want to improve on. I welcome this outstanding report from FSB and look forward to working with many collaborators to bring about the changes that will make the difference to the beneficiaries and businesses we all serve. Thank you to the FSB team for leading on this great initiative.



**Lt. Col. Ren Kapur MBE,**  
Founder and CEO, X-Forces Enterprise,  
FSB Armed Forces Champion for Small Business

# SERVICE LEAVERS, SMALL BUSINESSES AND THE SELF-EMPLOYED



## 925,000

Armed Forces veterans of working age residing in households across Great Britain in 2016

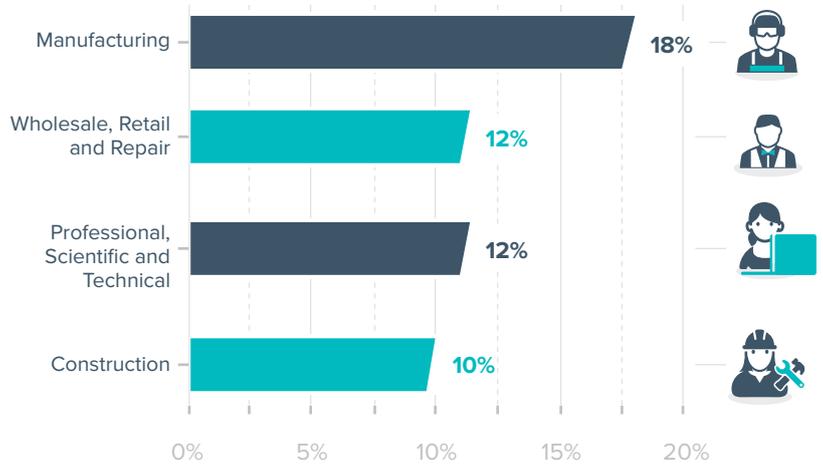
(Source: MOD)



6% of small businesses owned by veterans in Great Britain

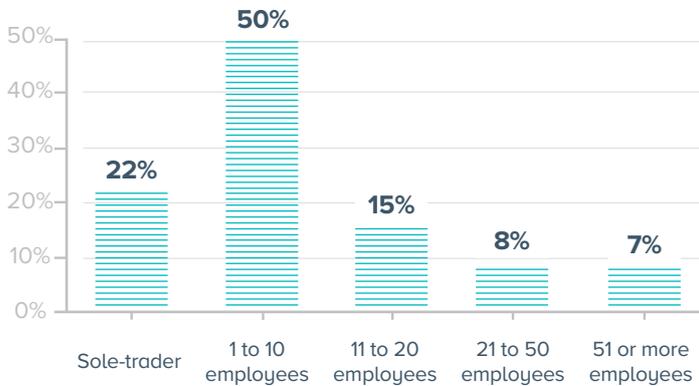
(Source: FSB)

## Service leaver businesses: distribution by sector



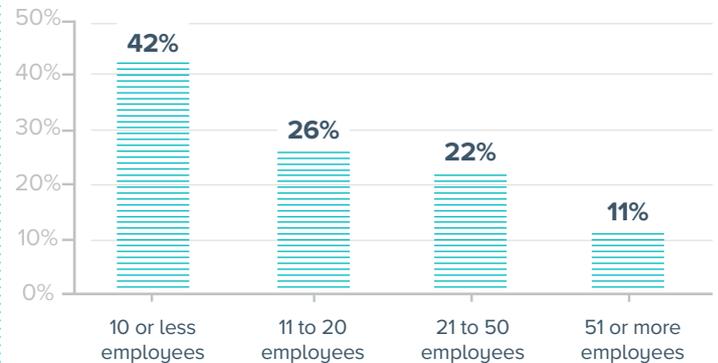
(Source: FSB 'social value' survey, 2018)

## Size distribution of veteran run small businesses



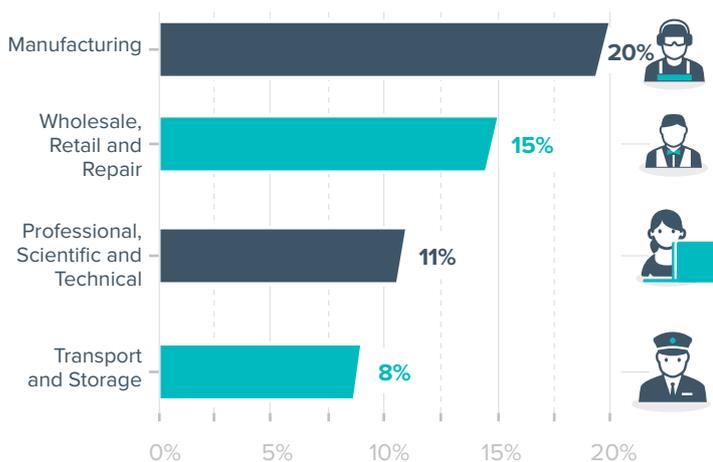
(Source: FSB 'social value' survey, 2018)

## Distribution of veteran employment by business size



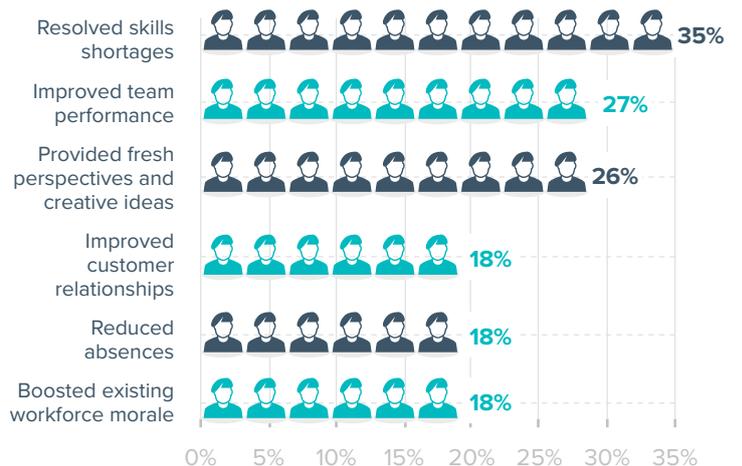
(Source: FSB 'social value' survey, 2018)

## Proportion of businesses employing service leavers in each sector



(Source: FSB 'social value' survey, 2018)

## Business benefits of employing service leavers



# INTRODUCTION

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Upon leaving the armed forces, service leavers (veterans) need new opportunities in the civilian economy that will bring them fulfilment and enable them to make a living for themselves and their families. Veterans have ‘...the fortitude to excel due to maturity, objectivity, drive, professional experience, dedication, and sacrifice.’<sup>1</sup> In particular, their skills and experience in the military lend themselves to success in business, whether as owners or employees.

Many smaller businesses understand the unique benefits that employing service leavers in their enterprise can bring, in particular the positive consequences for business competitiveness. Equally, self-employment is a rewarding career option for service leavers with much to commend it, as this report illustrates with a number of case studies of FSB members who are veterans. In addition, there is evidence from other countries that veteran entrepreneurs can make a singularly valuable contribution to the economic success of a country.<sup>2</sup> Consequently they are a key class of entrepreneurs deserving of specific focus.

While there are many good examples of service leavers creating viable and successful businesses across Great Britain, our work shows that there is scope for this to be increased. Greater numbers of veterans starting, growing or working in Great Britain’s millions of small businesses would see benefits for individuals, businesses and communities.

This report highlights a number of significant barriers that stand in the way of these desirable ends, and presents a clear set of recommendations for Government and others to help service leavers overcome these obstacles and succeed in the ways they find best suited to them. If adopted, these would help veterans access the full-range of opportunities available in smaller businesses or self-employment and better enable small employers to more easily benefit from the many advantages that employing veterans can bring.<sup>3</sup>

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1 Chamberland, K J. Success Factors of Veteran-Owned Small Businesses. 2015.

2 Senor and Singer, 2011 cited in Adrienne J., Heinz, A J. et al. American Military Veteran Entrepreneurs: A Comprehensive Profile of Demographic, Service History, and Psychosocial Characteristics. 2017.

3 Please note that the percentages in some of the tables in this report may not sum exactly to 100. This is due to rounding.

# VETERANS IN GREAT BRITAIN: OVERVIEW<sup>4</sup>

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## Demographics

- There are estimated to be 2.5 million Armed Forces veterans residing in households across Great Britain.
- Veterans are estimated to make up five per cent of household residents aged 16+ in England and Scotland, and six percent of household residents aged 16+ in Wales.
- Veterans are estimated to be predominantly male (90%) with the majority aged over 65 (nearly two-thirds). This will change in the coming years.

## Health

- Overall, there are no differences between veterans' and non-veterans' general health and the prevalence of health conditions. In a survey carried out by the Office of National Statistics (ONS), 35% of veterans and 36% of non-veterans aged 16-64, and 18% of veterans and 19% of non-veterans aged 65+ reported their general health as 'very good'.
- Rates of mental illness amongst service leavers are generally lower than those among the wider population.<sup>5</sup> Post-Traumatic Stress Disorder (PTSD) levels among ex-Service personnel are lower than comparable militaries.<sup>6</sup>

## Employment, education and skills

- Working age veterans are as likely to be employed as non-veterans (78% and 79% respectively).
- Working age veterans (92%) are as likely to have a qualification as non-veterans (89%). However, service leavers (20%) are less likely to have a degree than non-veterans (30%). They are more likely to have gained qualifications through work (63%) and leisure (17%) than non-veterans (45% and 10% respectively).

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4 ONS and MoD. Annual Population Survey: UK Armed Forces Veterans residing in Great Britain, 2016. 2017. Accessible at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/654734/20171023\\_-\\_APS\\_2016\\_Bulletin.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/654734/20171023_-_APS_2016_Bulletin.pdf)

5 Centre for Mental Health. Veterans' mental health: key facts, 2019. Accessible at: <https://www.centreformentalhealth.org.uk/veterans-mental-health-key-facts>

6 A study of 10,000 veterans estimated that around 4 per cent of service personnel who have been deployed, suffered from PTSD. Source: Hunt, E.J.F. et al. The mental health of the UK Armed Forces: where facts meet fiction in European Journal of Psychotraumatology. Vol 5. 2014.

# KEY RECOMMENDATIONS

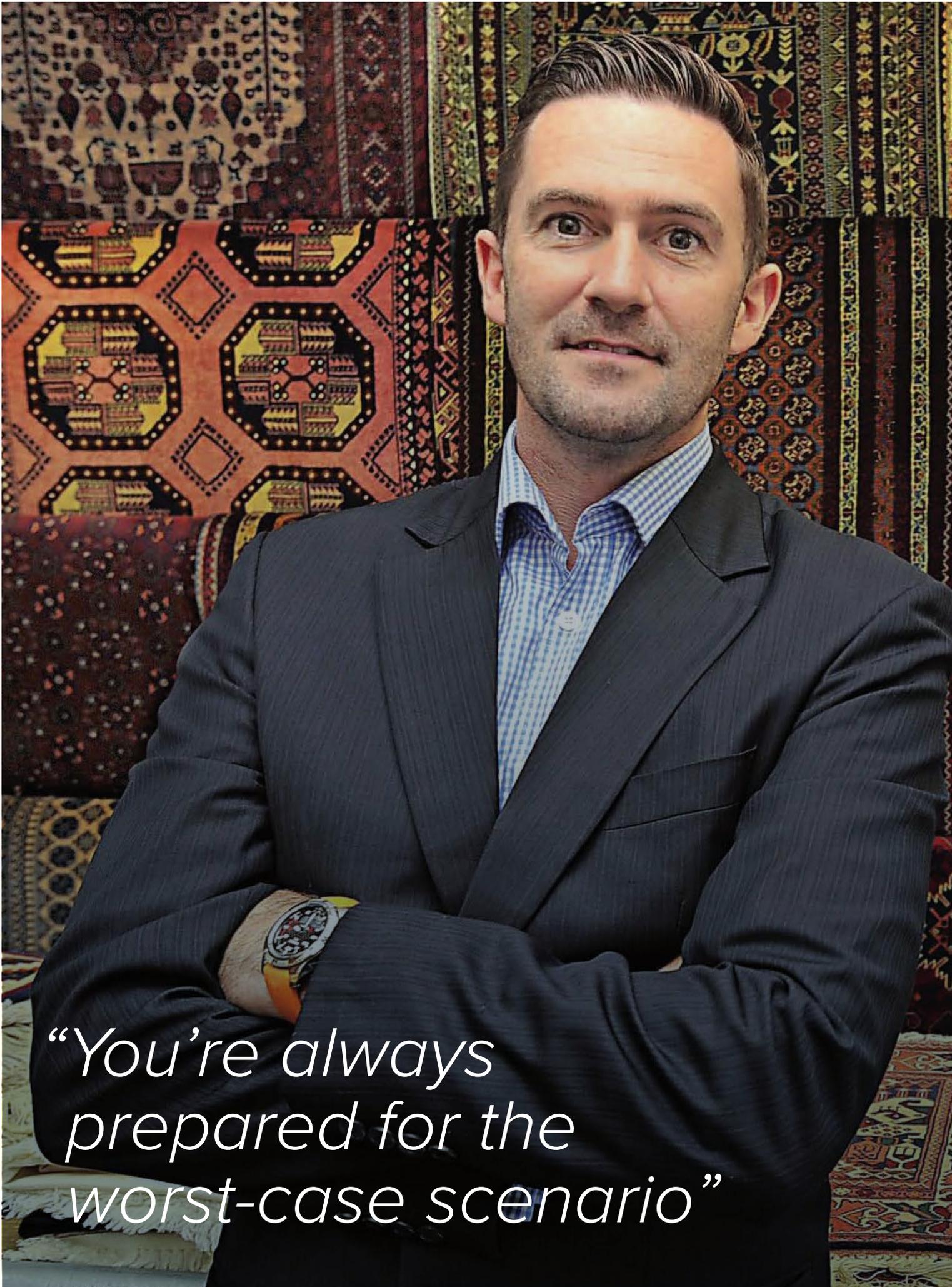
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## **1. Stimulating veteran entrepreneurship:**

- Refreshing the support package for those transitioning out of the armed forces into civilian life, by including a greater focus on the option of self-employment and the key skills needed to succeed in enterprise.
- Easing access to finance through a subsidised risk-capital offer for veteran entrepreneurs.

## **2. Employing veterans in smaller firms:**

- Increasing understanding between the military and the business community by exposing more members of the Armed Forces to small business (especially successful veterans starting, growing or working in small businesses) and enhancing the value of the Armed Forces Covenant by improving the Defence Employer Recognition Scheme (ERS).
- Helping ease the costs to smaller firms in taking-on veterans through introducing a one-year holiday from Employer National Insurance Contributions (NICs).
- Establishing a joint taskforce between relevant Government departments and training and accreditation bodies to simplify and synergise mutual recognition, or equivalence, between military skills and training and civilian qualifications.
- Improving the current education and training subsidy system administered by the Enhanced Learning Credits Administration Service (ELCAS), which helps service leavers afford vocational or academic education and settle more easily into, and succeed in small business employment.



*“You’re always prepared for the worst-case scenario”*

## CASE STUDY:

# AFGHANISTAN TO AFGHAN RUG BUSINESS

**Flight Lieutenant Wilthew was serving with the UK's Provincial Reconstruction Team in Afghanistan's Northern Provinces in 2003/4 when the seeds of his business idea were sown.**

Mazar-e-Sharif is part of the old Silk Road that is renowned for its handmade Afghan rugs. James and his colleagues would gather, drinking tea and chatting in the rug shops close to their main base, during the few hours of downtime they got each week.

Rafi, the owner, sold him some rugs which he posted back to the UK, some to keep, some to sell to help pay for his wedding.

After eight years and five operational tours with the RAF, James Wilthew left the services in 2007 and, after a short spell in London working as a civil servant, he and his wife relocated to Hebden Bridge, in the Upper Calder Valley in West Yorkshire.

In 2014, a friend spotted one of James's Afghan rugs and asked if he could get him one from the same seller.

James adds: "Having done a full-time military career I didn't think about starting a business then. But having worked part-time, it gave me time to think and start some research."

He managed to track down Rafi via Facebook and an interpreter in Afghanistan.

"We ended up Facetiming at a specific time and date and he said: 'Let's do business.'"

Several months were spent figuring out import tax, how to get payment to Rafi and other issues.

"But before I knew it, I was looking for premises and the shop was open," says James.

The Afghan Rug Shop, which prides itself on being a Living Wage employer and fair trade approved, celebrates its fourth birthday in Hebden Bridge this year.

There have been challenges. Months after it opened in August 2015, the Calder Valley was hit by the Boxing Day floods and Hebden Bridge was left waist-deep in water.

"We just had to dust ourselves off and get on with it and get the shop open again. Being ex-military, you learn to have a plan and you are always prepared for the worst-case scenario," says James.

"I see a lot of people blinded to potential threats to their business. As long as you are prepared, you can deal with most things."

The business has also had to cope with the all-time low in the dollar exchange rate as Brexit uncertainty continues [at the time of publication] - which means profits are down. But thanks to some careful planning, there is still money in the business to pay staff and keep the shop running.

James says his military training has also reinforced the importance of stepping back. He says it's important to delegate to others, so you can watch from afar and think more strategically, to better steer the business.

"I think we have planned for a lot more things than other businesses might have done. That's the military mindset," says James.

And while The Afghan Rug Shop is proving popular with tourists and locals alike, he has not abandoned the military entirely - he's recently rejoined as a Reservist.

FSB member James Wilthew,  
The Afghan Rug Shop, West Yorkshire



# SECTION 1:

## VETERAN ENTREPRENEURSHIP

### Business ownership

FSB research found that around six per cent of FSB member businesses are run by veterans.<sup>7</sup> This suggests there are currently approximately 340,000 small enterprises across Great Britain run by veterans. These service leaver businesses are spread across a wide range of sectors. As shown in table one.

**Table one:** distribution by sector of service leaver run businesses.

**Source:** FSB 'social value' survey, 2018.

Business sector	Percentage
Manufacturing	18
Wholesale, Retail and Repair	12
Professional, Scientific and Technical	12
Construction	10
Human Health and Social Work	7
Accommodation and Food	6
Administrative and Support Services	6
Information and Communication Technology	5
Arts, Entertainment and Recreation	5
Transport and Storage	4
Other	17

Businesses led by service leavers are found most frequently in the manufacturing; wholesale, retail and repair; professional scientific and technical (PST) or the construction sectors. Over half of businesses are found in these four sectors. In-part because of synergies between these sectors and the skills many of those serving learn. Start-up costs also play a role; for example, service leavers who do not have strong networks and have limited access to capital and other resources will tend to start a business in those sectors where such limitations are least hindering.

Table two below illustrates the size-distribution of service leaver run businesses.

**Table two:** businesses run by service leavers in each size category.

**Source:** FSB 'social value' survey, 2018.

Business size	Percentage
Sole-trader	22
1 to 10 employees	50
11 to 20 employees	15
21 to 50 employees	8
51 or more employees	7

<sup>7</sup> FSB, Small Business, Big Heart: bringing communities together, 2019.

Nearly 80 per cent of service leaver-led businesses have employees. The proportion of veteran-run-businesses with at least one employee is much higher than among the business owning population-as-a-whole. This suggests that service leaver-led businesses typically tend to be businesses with more growth ambition. This highlights their value to the wider-economy – if they can be nurtured successfully.

The success of many service leaver-run businesses suggests that encouraging more of them is likely to boost enterprise and in-turn productivity growth and the economy. Consequently reducing the specific barriers faced by service leavers to starting-up a business would encourage more veterans to seize the benefits of business ownership.

## Motivations and barriers to veteran entrepreneurship

Service leavers who set up their own business are motivated to do so for various reasons. These include dissatisfaction with their current employment situation and placing a high value on financial and personal independence and flexibility.<sup>8,9</sup> In addition, they often have an in-built appetite for taking on risk, together with a clearly identified business opportunity that can be taken advantage of.<sup>10</sup>

Many veterans possess characteristics that are very pertinent to successful entrepreneurship.<sup>11</sup> These include resilience; organisational and planning skills; exceptional team leadership and communication skills; agility and problem-solving; persistence and mental strength as well as an enthusiasm for risk-taking.<sup>12,13</sup>

However, service leavers face a set of challenges which contribute to the lower tendency to start-up and run a business. For example, research into veteran entrepreneurship found that: *'Many veterans felt that they lacked the life and financial skills to cope in a competitive, business environment where there is an emphasis on making money'*.<sup>14</sup> In addition to a 'gap' in life and financial skills, other barriers include: difficulty in obtaining risk-capital, limited access to networks and to helpful support such as mentoring.<sup>15</sup>

Good networks and mentoring can help veterans navigate the difficult *'...transition...from the Services to the competitive commercial world that can characterise civilian life'*, enable veterans to more easily adapt in order to translate their military *'...skills into a civilian context...'* and enable them to *'...learn fast... [and]...change their mind-set... [in order]...to manage their transitions... [and]...ensure the sustainability of their businesses'*.<sup>16</sup>

Although many of the hurdles faced by service leavers are mirrored by those faced by civilians looking to start-up an enterprise, there are also some obvious differences. For example, while access to capital is an issue for many civilians who want to start a business, a long period spent in the military can mean a service leaver has fewer financial assets and a less extensive financial history than their civilian equivalents. This makes it more difficult to raise sufficient capital at a reasonable rate from external sources, often forcing a greater reliance on 'own resources'.

While many of the key ingredients for success in business are in place for veterans, lessening the specific barriers they face could see more service leavers start-up and, more of those that do, grow their business, generating employment and value for the economy.

Much has been done to improve the position of those transitioning out of the Armed Forces into civilian life.<sup>17</sup> This broader improvement has been accompanied by the provision of more information and help for those considering starting-up a business. For example, through the Careers Transition Partnership (CTP) programme, service leavers are provided with advice and offered training in key business skills. It does this by leveraging in the expertise of organisations like X-Forces Enterprise, whose success-rate speaks for itself.<sup>18</sup> Nevertheless, there is more that could be done to enable all service leavers to fulfil their civilian ambitions after they have served.

8 These factors might be neatly summarised as a preference for 'autonomy'. Source: Boldon, N Y and Rosalinda, V M. Bridging the Gap: Motivations, Challenges and Successes of Veteran Entrepreneurs. 2016.

9 Lyonette, C et al. Self-employment and the armed forces community. 2018.

10 Boldon, N Y and Rosalinda, V M. Bridging the Gap: Motivations, Challenges and Successes of Veteran Entrepreneurs. 2016.

11 Adrienne, J., Heinz, A J. American Military Veteran Entrepreneurs: A Comprehensive Profile of Demographic, Service History and Psychosocial Characteristics. 2017.

12 Boldon, N Y and Rosalinda, V M. Bridging the Gap: Motivations, Challenges and Successes of Veteran Entrepreneurs. 2016.

13 Lyonette, C et al. Self-employment and the armed forces community. 2018.

14 Lyonette, C et al. Self-employment and the armed forces community. 2018.

15 Boldon, N Y and Rosalinda, V M. Bridging the Gap: Motivations, Challenges and Successes of Veteran Entrepreneurs. 2016.

16 Lyonette, C et al. Self-employment and the armed forces community. 2018.

17 BITC. Capitalising on Military Talent: Everything you need to know about employing Armed Forces veterans. 2017.

18 X-Forces. Activity report 2017 – 18. 2018.



*“Ex-service people have the ability and determination to be a great success as their own boss”*

## CASE STUDY:

# FLIGHT LIEUTENANT TO CRAFT GIN DISTILLER

**Former RAF Flight Lieutenant Debbie Strang put the “can do” military attitude to good use after leaving the forces, transforming a former RAF base into the UK’s most northerly resort and running an award-winning distillery.**

Joining the RAF as a supply and logistics officer in 1986, she was posted to RAF Henlow and RAF Lossiemouth during her time in the forces, leaving when she became pregnant.

She and her husband Frank settled in the Highland town of Grantown-on-Spey. Twelve years ago they set up a company with the aim of reusing redundant Ministry of Defence properties.

They transformed the former RAF Saxa Vord site on Unst, the most northerly inhabited island in Britain, into self-catering accommodation, a hostel and seasonal restaurant – which is popular both with Shetland Islands locals and visitors from across the world.

“The visitors came, and still do – around 6,000 bed nights per year in a very short season,” says Debbie.

To drum up more year-round business, they transformed the former RAF supplies depot into Shetland’s first gin distillery, with the help of business partners Stuart and Wilma Nickerson, and are raising investment to install Shetland’s first malt whisky distillery.

Their award-winning gin, Shetland Reel, has already found favour as far afield as Japan and South Africa and Debbie says her time in the RAF has served her well in business.

“The military gives you a ‘can do’ attitude, it teaches you to find a way through a problem and see a project through to completion in a timely manner, regardless of how important or tedious the task is,” she says.

Her military experience taught her the value of networking, of caring for and valuing her team, of working together and of taking pride in whatever you do: “I have attempted to bring all these aspects to the business.”

The company often employs ex-service people, including Shetland Reel’s distillery manager who Debbie says is “just the person for the job” of taking on the logistical challenges of making gin on the UK’s most northerly inhabited island. The company won the Scale-Up Business of the Year award at the Scotland area FSB Celebrating Small Business Awards 2019.

Debbie’s advice to former military personnel thinking about setting up their own business is to plan well and to try to gain some business experience first – paid or voluntary.

She gained valuable experience after leaving the RAF as a support manager for a new organisation in Grantown, setting up administrative and management systems.

“Listen to people. I have found business people will quite often talk openly and are willing to help new businesses as they get off the ground. Looking back there are occasions when I didn’t listen and I regret it,” she adds.

“Ex-service people have the ability, focus and determination to be a great success as their own boss, and of course are not frightened of hard work.

“Doing sufficient research and taking advice from the right people will set the foundations for a successful and growing business.”

**FSB member Debbie Strang,**  
Director at Shetland Distillery Co., Shetland Facilities Management and Saxa Vord





*“Improvise, adapt  
and overcome”*

## CASE STUDY:

# SOLDIER TO TELECOMS START-UP

**It was a selfie with penguins, snapped while on service in the Falklands with the Princess of Wales's Royal Regiment, that kick-started former soldier PJ Farr's telecoms business.**

During some down time on a remote island in the South Atlantic, PJ started taking some photographs of the local wildlife to send home.

"I got some photos of some penguins and I got one of myself with the penguins and decided to email that photo back to my father-in-law in the UK," he says.

His father-in-law, a housing developer, was immediately impressed by the Army's ability to reliably communicate, even from remote areas.

"Being a developer, he would struggle to get effective, secure communications into a construction site," says PJ.

"And that was where the idea was born really, we realised there was a solution available and a clear commercial opportunity for us to sell to."

PJ left the Army and set up his business, initially named Countrywide Telecoms, in January 2013, with the aim of becoming the leading provider of communication services to the UK construction industry.

"When I first left the army to start my own business, I had to convince my wife it was a good idea," says PJ.

The couple had just over £1,000 saved up and PJ had to quickly get to grips with the nitty gritty of setting up his own business such as learning about VAT returns, corporation tax and corporate structure.

"I only had military experience to lean back on. A lot of ex-forces guys are very entrepreneurial anyway, they maybe don't realise it," says PJ.

"There's a term used often which is: Improvise, adapt and overcome. We use that daily in the forces to try to overcome adversity. And actually, running a business is very similar to working in the Army. You need a clear set of goals, you need to be clear on your plan. You need to rehearse your plan, practise it, and then go out and do it."

Countrywide Telecoms grew to become a leading supplier of communications solutions and works with some of the largest UK house-builders, providing more than 1,000 construction sites across the UK with a super-fast broadband service. It was rebranded as UK Connect in 2018, to recognise its growth, and won the Business of the Year - Scale Up category at this year's Soldiering On Awards.

PJ has some advice for other service men and women thinking of setting up their own business when they leave the forces.

He says: "Firstly go and reach out to the network, reach out for help and look who's out there already actively supporting ex-military and military people.

"Some of those companies are people like the Federation of Small Businesses and X-Forces Enterprise, and there are other social enterprises out there, as well, whose job it is to try and help you succeed in business."

FSB member PJ Farr,  
Managing director, UK Connect, Surrey



## Recommendations: stimulating business ownership among service leavers

A number of improvements could be made to the current package of support that will help reduce specific obstacles faced by budding veteran entrepreneurs and increase access to the kinds of help that they need to be successful. These improvements to the service leaver offer need to focus on bolstering the support package for those transitioning from the armed forces to self-employment and easing access to resources such as capital.

### 1. Improving the support package by placing more emphasis on entrepreneurship

Increase the allocation of funding for the CTP to enhance offerings for those service leavers looking at self-employment options. Specific changes should include:

- Ensuring the information about self-employment, and its benefits and risks, provided through CTP is of the highest quality and appropriate breadth, by benchmarking against the best of that provided by the private sector.<sup>19</sup>
- Provide ‘skills for life’ training to all service leavers both before and after they have left the Armed Forces. In addition, offer easy access to high quality commercial skills training that caters for all capabilities, for those who would like it.<sup>20</sup>
- Ensure that bespoke support and advice about self-employment is available for up to ten years after a veteran leaves the military.<sup>21</sup> This should include mentoring; opportunities to ‘shadow’ existing business owners and administrative task support (for example, with regulatory requirements such as business registration with HMRC, incorporation, et cetera).

The MOD’s Enhanced Learning Credits Scheme (ELCAS) provides members of the Armed Forces and service leavers with opportunities to access a wide-range of vocational training and further and higher education (FEHE).<sup>22</sup> However, the education and training subsidy offer suffers from limitations. There is a lack of access flexibility and a degree of inequity in the current arrangements. The scheme, for example, ensures that for service leavers (in their qualifying resettlement phase) the full-costs of a first level-three or first higher education qualification for service leavers are fully covered. However, the costs of doing an A-level or re-training as an electrician are lower than the tuition for an undergraduate degree. A service leaver therefore, who pursues the latter can get more – in monetary terms – out of the system than a veteran who might be taking an alternative, for example, vocational training. To remedy this, the monetary equivalent amounts available to every qualifying service leaver should be equalised at the limit of the full cost of tuition for an undergraduate degree. Such a change should be made alongside a relaxation of some of the restrictions around access and use. For example, for veterans, the duration of the availability of such benefits should be a veteran’s whole post-Armed Forces working life.<sup>23</sup> Further, in order to encourage veterans to seriously consider the option of running their own business, the acquisition of enterprise skills and business mentoring support through approved providers should qualify for Enhanced Learning Credits (ELC). A much longer period of availability is essential if ELCs are to play a role in encouraging entrepreneurship because many entrepreneurs (including veteran entrepreneurs) only start-up a business after many years in employment. Consequently, arbitrary limits on access to subsidies for enterprise education of various kinds or other re-training can create perverse incentives. Success in self-employment comes when undertaken at the most appropriate time. Cut-off dates could result in hasty and ill-considered decision making. The long-run effects are counter-productive.

<sup>19</sup> Lyonette, C et al. Self-employment and the armed forces community. 2018.

<sup>20</sup> Lyonette, C et al. Self-employment and the armed forces community. 2018.

<sup>21</sup> Support needs to be offered on a long-term basis. Many service leavers will only decide to try self-employment for example, a number of years after leaving the military.

<sup>22</sup> The Enhanced Learning Credits Administration Service (ELCAS) operates the Enhanced Learning Credits (ELC) Scheme which provides financial support in the form of a single up-front payment in (up to) three separate financial years and organises access for service leaver in their resettlement phase to publicly-funded FE and HE. ELCAS. Home page. 2019. Accessible at: <http://www.enhancedlearningcredits.com/>

<sup>23</sup> Post-service access to ELC and FEHE schemes was reduced to five years in 2016. Source: ELCAS. Changes to Enhanced Learning Credits & Further Education and Higher Education Schemes. 2016. Accessible at: <http://www.enhancedlearningcredits.com/uploads/documents/elc%20007-13%20new%20employment%20model%2001st%20april%202016%20ver%202.pdf>

The Ministry of Defence (MoD) should continue to co-ordinate and integrate the range of support it offers, alongside military charities, to ensure that there is seamless support for service leavers.<sup>24</sup> The support landscape for veterans is complex and it is not always as effective as it might be. The greater co-ordination efforts noted as being required in ‘*The Strategy for our Veterans*’ consultation<sup>25</sup> need to include a strong emphasis on economic opportunity for service leavers, including self-employment, and should ensure that all partners involved in delivering economic support for veterans are implementing best practice.

## 2. Ensuring access to capital through the establishment of a special fund

The Government should pass a UK equivalent of the USA ‘GI Bill’ as an acknowledgement of the important contribution those who have served in the Armed Forces make and society’s debt to them. A central measure in that Bill should be to make provisions for veterans with more than a minimum-period of service, for example five years, to have the opportunity to access subsidised risk capital to start a business up to the value of £30,000.<sup>26, 27</sup> The exact amount available to any particular service leaver may also depend on how long the veteran served for. Access to £30,000 could, for example, be contingent on having served 22 years.

24 Lyonette, C., Barnes S-A and Owen, D. Self-employment and the Armed Forces Community, 2018.

25 HMG. Strategy for our Veterans. Valued. Contributed. Supported: UK Government Consultation Paper: consultation. 2018. Accessible at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/755933/Strategy\\_for\\_our\\_Veterans\\_UK\\_Gov\\_Consultation\\_FINAL\\_12.11.18\\_web.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/755933/Strategy_for_our_Veterans_UK_Gov_Consultation_FINAL_12.11.18_web.pdf)

26 Lloyds Banking Group. Average Cost of Starting a New Business is £12,000. 2016. Accessible at: <https://www.lloydsbankinggroup.com/Media/Press-Releases/2016-press-releases/lloyds-bank/average-cost-of-starting-a-new-business-is-over-12000/>

27 £30,000 not only reflects the importance of and value to society of the work of serviceman and women, additionally - given the further difficulties faced by service leavers in starting-up a business - it is enough to provide considerable extra ‘buffer’ for veteran-run enterprises and increase their chances of success.



*“The biggest change was feeling that you were out there running a business alone”*

## CASE STUDY:

# RAF FLIGHT LIEUTENANT TO HIGHLAND CAMPERVANS

**Co-ordinating search and rescue missions at RAF Kinloss stood former Flight Lieutenant Catherine Bunn in good stead, when she decided to set up her own business.**

“I think the skills I developed in the military have certainly helped Highland Campervans,” she says.

“Being resilient, self-motivated, organised and disciplined have all been important skills, not only to help me set up Highland Campervans but also to see it grow and develop.”

Catherine loved her time in the RAF, which included a spell in the Falklands scheduling helicopters that moved the military and freight around the islands and organising search and rescue cover.

But her plans changed when she met her husband Stephen and it was while sitting in a cold tent on the Isle of Skye, having missed out on an ice climb with him because she suspected she was pregnant, that her future business idea began to form.

“I decided that there was no way I was sheltering in a tent with a baby in tow but I wasn’t being left at home and missing adventures, so a campervan was the solution,” says Catherine.

“Then Steve had the idea that I could rent them out as there were no small campervans available for hire locally at that time and it was a business I could run from home with a baby in tow. The business grew from there.”

Highland Campervans, based in Inverness, was established in 2007, shortly after Catherine left the RAF.

“I think the biggest change was feeling that you were out there running a business alone,” she says.

“In the military, you really are part of the forces family and there is a great camaraderie between people, with advice and support available for almost anything. Running a business, you have to be really self-motivated and organised to balance out time and resources.

“I joined FSB early on in my business and it was one of the best business decisions I’ve made.”

Highland Campervans began with a small hire fleet which has grown into the Highlands’ specialist centre for motorhomes and campervans. Directors Catherine and Stephen have 16 staff, several of whom are ex-forces.

“I’ve always been quite confident and was often given leadership roles in the military and I think my team would certainly say I lead by example,” says Catherine.

“I try to spend time out and about in the different business areas, seeing what support I can give to the staff, to help everyone be the best they can be.

“I have very high standards for the business and we’ve won lots of awards over the years which I’m very proud of.”

She advises others in a similar position to work through a business plan first, to offer something unique and to consider whether they have the skills to run a business alone or whether partnering up with someone might be a better option.

“Finally, be careful of using TLA’s (Three Letter Acronyms) – the military world is full of them but in the civilian world they tend to be spelt out!” she adds.

FSB member Catherine Bunn,  
Director, Highland Campervans, Inverness





*“Time spent in  
reconnaissance  
is never wasted”*

## CASE STUDY:

# SOLDIER TO BEEKEEPER

**Former Army Captain John Geden turned to beekeeping to help him relax after he was diagnosed with post-traumatic stress disorder (PTSD) – and he has since grown it into a successful business.**

John spent nearly 10 years in the Army, including serving as a captain with the Royal Military Police. He then spent 22 years as a detective, investigating serious crimes like homicide and child abuse.

In 2014 he retired from the police with a diagnosis of complex PTSD - something he traces back to the horrific scenes and dangers he was exposed to in both his military and police careers.

Beekeeping, which had long been a hobby, became his “mindfulness” activity and his daughter suggested he turn it into a business.

“I was struggling to motivate myself and my depression was not letting me see clearly. I knew I didn’t want to work for another large organisation again and I also set myself some personal ‘red lines’, including not to have to wear a suit and tie to work!,” says John.

“I began to slowly work out how to grow the business, what level of capital expenditure I would need and broadly how I could make an income from this.”

His business, Sinah Common Honey, sells honey and equipment, supplies wedding favours, trains amateur beekeepers and breeds bees and queen bees.

“I grew the company quite slowly and now in the fifth year we are beginning to show a profit. I will never make my millions from bees and honey but it has never been about that for me,” says John.

“I did find that common sense and sound judgement, the skills that were injected into me over my 32-year joint army and police career, would stand me in good stead.”

“If I can prepare a case file for court, I can write a fully evidenced business plan. If I can write an operation order for a major military event, I can likewise come up with a structured way ahead for the business.”

He sought support from X-Forces Enterprise, a social enterprise which helps veterans set up their own businesses, taking part in their business masterclass programme, seeking guidance when needed and making use of their networking opportunities.

“My military career taught me the benefits and necessity of team working, but as a sole trader you have to look wider to find that team,” he says.

“Without XFE I would not have become a member of FSB and I would not have had the ability or knowledge to upscale my business, nor to be able to recognise when I may be going wrong.”

“The process reminded me of a phrase that was drummed into me at Sandhurst by my Colour Sergeant: ‘Time spent in reconnaissance is never wasted’.”

While talking yourself up may not come naturally, John advises other ex-military entrepreneurs: “Don’t be afraid to champion your past service and include it in your literature and marketing material.

“I have found that the public find it slightly humorous that a trained soldier and detective is now managing several million insects and sells honey at their local farmers market.”

FSB member John Geden,  
Sinah Common Honey, Hayling Island



# SECTION 2: SERVICE LEAVER EMPLOYMENT

## Smaller businesses and the employment of veterans

Large numbers of smaller businesses employ, or have previously employed, service leavers. More than one in 10 (12%) smaller firms have employed a service leaver in the last three years.<sup>28</sup> This equates to almost 166,000 small firms across Great Britain.<sup>29</sup>

The distribution of service leaver employees across business size categories is outlined in table four below.

**Table four:** smaller firms employing service leavers in different size categories (in the last three years).

**Source:** FSB 'social value' survey, 2018.

Business size	Percentage
10 or fewer employees	42
11 to 20 employees	26
21 to 50 employees	22
51 or more employees	11

Micro-businesses are the category of business which most often employ veterans. Among smaller businesses the proportion taking on service leavers in the last three years is noticeably lower. In medium-sized firms in particular, the proportion is less than a quarter of those in the '10 or less employees' category. On the face of it, this suggests that there is more scope for:

- Encouraging more small and medium-sized companies to look at veterans as potential employees.
- Recognising the significant role of micro-businesses in supporting veterans after they have left the armed forces.

**Table five:** businesses employing service leavers by sector.

**Source:** FSB 'social value' survey, 2018.

Business sector	Percentage
Manufacturing	20
Wholesale, Retail and Repair	15
Professional, Scientific and Technical	11
Transport and Storage	8
Construction	6
Accommodation and Food	6
Administrative and Support Services	6
Information and Communication Technology	5
Arts, Entertainment and Recreation	4
Human Health and Social Work	4
Other	17

<sup>28</sup> FSB. Small Business, Big Heart: bringing communities together. 2019.

<sup>29</sup> FSB. Small Business, Big Heart: bringing communities together. 2019.

As table five shows, nearly half of smaller firms who take-on veterans are found in three sectors, with manufacturing businesses the most likely to hire service leavers. This suggests that there is scope for greater numbers of smaller enterprises (in sectors outside the three that dominate service leaver employment) to employ veterans and enjoy the benefits that they bring to a business.

## The business benefits of employing veterans

Large numbers of smaller enterprises are keen to take on service leavers in the right circumstances.<sup>30</sup> This is because of the increased business competitiveness that a service leaver employee can generate.<sup>31</sup> As one FSB member noted about his experience of employing veterans:

*'I employ three ex-service personnel and they have a tremendous work ethic. They have a resilient attitude which rubs off on other people in the team... they're quite exceptional.'*

Business owner, management consultancy business, South Wales

The most frequently reported benefits that accrue to a business as a result of employing a service leaver are set out in table six.

**Table six:** business benefits of employing service leavers.

**Source:** FSB 'social value' survey, 2018.

Business benefit	Percentage reporting it
Resolved skills shortages	35
Improved team performance	27
Provided fresh perspectives and creative ideas	26
Improved customer relationships	18
Reduced absences	18
Boosted existing workforce morale	18
Increased retention	16
More efficient business processes and practices	16
Up-skilled existing workforce	14
Improved business reputation	14

The most often reported way that employing a service leaver improved a small business was because the service leaver(s) helped fill a skills gap.<sup>32</sup> These findings are in-line with research by others, such as the Royal British Legion, which found significant overlap between the skills of servicemen and servicewomen and the sectors where the economy has the largest shortages of skilled labour.<sup>33</sup> Clustered close together and reported second and third most frequently by respondents, are the positive difference service leavers make to team performance and to the knowledge and creativity in the firm.

30 FSB. Reservists, service leavers and small businesses - FSB survey. 2016. Accessible at: <https://www.fsb.org.uk/docs/default-source/fsb-org-uk/reservists-and-service-leavers-survey---summary---march-2016.pdf?sfvrsn=1>

31 FSB. Reservists, service leavers and small businesses - FSB survey. 2016. Accessible at: <https://www.fsb.org.uk/docs/default-source/fsb-org-uk/reservists-and-service-leavers-survey---summary---march-2016.pdf?sfvrsn=1>

32 This finding is consistent with other research, which found the scope for veterans to fill skills gaps long-suffered by employers is considerable. Source: Deloitte. Veterans Work: Recognising the potential of ex-service personnel. 2016.

33 RBL. Deployment to Employment. 2014.

The range of business benefits listed in table six are the result of a number of the aptitudes and skills developed in the military that veterans can offer a business. For example, team-working, problem-solving and organisational skills.<sup>34</sup> They also have a strong work-ethic, are resilient and function in high-pressure environments, bring a pro-active attitude to tasks and are decisive.

## Barriers to small business employment

Both service leavers looking for work in a small business and business owners who might be interested in employing veterans face a number of obstacles. This means that smaller businesses are not able to access the service leaver 'labour-pool' as easily as they might. As a result, many smaller enterprises are missing out on the kinds of gains listed in table six. At the same time, there is a proportion of service leavers losing out on the numerous advantages that come from working in a small firm.<sup>35</sup> These obstacles, include:

- Low awareness among small employers of the availability of service leavers as a source of talent.
- A lack of understanding of the transferability and equivalence of skills acquired in the military to the commercial civilian domain.
- Small businesses currently face costs in reaching potential employees with an Armed Forces background. Similarly, veterans face similar difficulties in searching for potential small business employment.
- Low-levels of knowledge among service leavers about smaller businesses and the numerous benefits of working for them.

Smaller firms could play a particularly important role in helping service leavers who are under-employed. This is a phenomenon prevalent among sub-groups within the veteran community, such as younger veterans.<sup>36</sup> Smaller firms could provide opportunities for these younger veterans, many of whom will have skill sets that match the needs of smaller businesses.

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34 Deloitte. Veterans Work: Recognising the potential of ex-service personnel. 2016.

35 The benefits of working for a small enterprise, include: being able to undertake a wide-variety over roles because employees in small firms routinely cover a number of functions, playing a more important and direct role in the success of the business in comparison to the case in larger businesses, flexibility over tasks and a much closer working relationship with colleagues compared to the somewhat 'siloed' structures of a bigger company and greater opportunities for promotion/ responsibilities for ambitious and talented staff because it is easier to identify and reward talent and drive.

36 RBL. A UK Household Survey of the Ex-services Community. 2014.

## Recommendations: employment of veterans

Significant numbers of smaller firms are already employing or have employed service leavers. However, there is scope to improve on the current position and enable greater numbers of smaller businesses to hire service leavers (and benefit from what veterans have to offer) and, equally important, for veterans to find fulfilling jobs in smaller enterprises. To help facilitate this, a number of improvements to the current policy framework governing service leaver transition and business engagement with the armed forces and veteran community could be made.

Specifically, measures need to be taken which will improve the knowledge levels among the business community about the potential benefits of employing service leavers. Further, veterans themselves need to be made more aware of the benefits of working in a small business. Policy changes which facilitate the veteran labour market by helping service leavers find jobs in small businesses and helping smaller firms find the right people (among the ex-Armed Forces community) for their business are also needed. Set-out below are a number of proposals to help deliver these outcomes.

### 1. Increasing understanding between the military and the business community

The MoD should take steps to significantly improve its engagement with the private sector and smaller businesses. Such steps need to include improving defence procurement practices – the focus of the recent FSB policy report: *Taking Off – Opening up defence procurement for smaller businesses*.<sup>37</sup>

Beyond the issue of procurement and despite the MoD's intentions to engage more fruitfully with the small business community over issues such as service leaver employment, efforts so far have fallen short of what is needed to reach out sufficiently to the 5.6 million small firms and self-employed people across the country.

However, a number of improvements to the current landscape could substantially improve the present situation. The Armed Forces Covenant is an important platform for engagement between the services and the business community, however, the implementation of the Covenant could be enhanced.<sup>38</sup> Not least through developing better relationships between the MoD and relevant stakeholder bodies, such as business groups, as a first step towards making it more prominent within and relevant for the business community. Further, complementary policies like the Employee Recognition Scheme (ERS) could be utilised much more effectively to engage smaller businesses. Specifically, the ERS needs to be more accessible and be calibrated to ensure that it genuinely incentivises the embedding of a culture (within organisations of all sizes) that is supportive of the armed forces. Therefore:

- The criteria for qualifying for the ERS needs to be reviewed, clarified and simplified to make it as easy and understandable as possible by smaller enterprises. The latter should be a part of the review process.
- A system for monitoring how well award-holders adhere to their commitments, for example, by making the promises of those who have made them prominent in the public sphere and putting in-place a channel for 'whistle-blowers' or members of the public who know that organisations are not living-up to their obligations, to report failure to meet promises. This will need to be supported by Government resource to investigate reports should they be made.
- The regional support offer for smaller firms who apply for or hold an ERS award needs to be improved. Smaller businesses tend to be local or regionally focussed. Consequently, recognition of this by the ERS (through the provision of appropriate local support for holders and targeted local and regional efforts to raise the profile of the Covenant and the ERS) would help increase small business engagement substantially.

37 FSB. *Taking Off: Opening up defence procurement for smaller businesses*. 2019. Accessible at: <https://www.fsb.org.uk/docs/default-source/fsb-org-uk/fsb-mod-report.pdf?sfvrsn=0>

38 Shared Intelligence. *Benefit not Burden: How to improve the delivery of organisational pledges under the Armed Forces Covenant*. 2019. Accessible at: <https://www.fim-trust.org/wp-content/uploads/2019/01/20190131-Final-digital-report.pdf>

To increase awareness and understanding of small business employment opportunities offered to service leavers, the resettlement support received by those leaving the Armed Forces should include systematic exposure to small businesses. This may be through work placements in smaller firms or through talks by small business owners to cohorts of leavers at resettlement centres, or some other mechanism.

## **2. Helping smaller firms take-on veterans through National Insurance Contribution relief**

To help incentivise small firms to employ service leavers and absorb any additional costs they may face as a result of doing so, smaller businesses should receive relief on their Employer NICs for the first year of full-time employment of a service leaver. Additional costs can include modifications to the workplace or additional training that a veteran may need in order to work in a civilian role. To ensure this measure is tightly focussed on helping veterans into jobs and supporting smaller firms who want to hire them, the NICs holiday could be limited to employing veterans who left the military less than five years previously.

## **3. Matching military skills and training with the needs of business**

Relevant military training and experience needs to be more routinely recognised by business and others as being equivalent to civilian qualifications. This requires business and educational institutions to be more aware of the inter-operability or equivalence of the training and experience of service leavers. The MoD, the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Education (DfE), the Department for Work and Pensions (DWP) and education, training and accreditation bodies<sup>39</sup> should set up a joint taskforce to examine how current initiatives (for example, the Army Skills Offer provided through City and Guilds<sup>40</sup>) can be built upon. A comprehensive system of civilian mutual recognition or equivalency for military training and experience could be created. Such a measure, when its work is completed, would need to be accompanied by a sustained effort to ensure the business community were more aware of the similarity in the skills that veterans accumulate during their service and civilian qualifications.

## **4. Enhancing the skills of veterans**

Those veterans who choose to find employment after they leave the Armed Forces are helped by ELCAS to improve their skills and education.<sup>41</sup> However, the limitations of the current scheme mean that its role in helping veterans find civilian employment in smaller businesses is not as effective as it could be. An improved ELC regime for veterans would help make veterans even more attractive recruitment prospects for smaller firms. The ability to cover the costs of appropriate training will incentivise smaller businesses (who operate under considerable cost constraints with their skills and training budgets under constant pressure) to employ veterans.

As highlighted earlier in this report, the scheme should be more flexible, allowing veterans to access the subsidy provided by ELCAS for the remainder of their working life as often as they need – up to a monetary equivalent limit of equal value for all qualifying service leavers. Finally, as part of the package of changes to the ELCAS administered skills and education subsidy scheme, there should be a review of the range of training and education that qualifies to be funded by the scheme in order to identify where the skills needs of smaller firms might be more extensively reflected in the learning opportunities provided.

The training package offer for veterans should go further. The MoD and DfE ought to work together to develop a bespoke scheme for service leavers to engage with higher and degree level apprenticeships specifically, where they have previously not had the opportunity to do so, at no cost to employers. Such a scheme would allow employees with an Armed Forces background (and within a defined number of years of leaving service) to receive higher and degree-level apprenticeship training through their employer.

39 All the major, education and vocational skills and training bodies in the UK would need to be involved in the taskforce. Currently City and Guilds provide accreditation for military personnel for a number of the skills they acquire during their time in service and therefore would have a central role in such a taskforce.

40 City and Guilds. Supporting the Ministry of defence. No date given. Accessible at: <https://www.cityandguilds.com/what-we-offer/employers/supporting-the-ministry-of-defence>

41 ELCAS. Home page. 2019. Accessible at: <http://www.enhancedlearningcredits.com/>

# CONCLUSION

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Service leavers have a lot to offer smaller businesses. Equally, smaller enterprises provide substantial opportunities for veterans looking for fulfilling employment post their career in the Armed Forces. There is a great deal of mutual benefit to be gained by both communities if the numerous obstacles which hinder service leavers looking for work in smaller firms and smaller businesses from hiring veterans can be improved. This report has outlined some ways in which the obstacles facing both businesses and service leavers can be reduced for the advantage of everyone.

Starting-up and running a successful business is a challenge for anyone. However, it is a task that service leavers can be particularly well-suited to. The kinds of skills and abilities prevalent in those who serve in the Armed Forces are similar to the characteristics and capabilities that make a successful entrepreneur. While the shift from a military life to the business-world can involve many practical difficulties, with the right support to help 'smooth the path', the many qualities possessed by veterans and their applicability to the commercial world can shine through. As a result, more service leavers can be introduced to the many benefits of running their own business – illustrated by the colourful and inspiring stories in this report – and the vibrant veteran-entrepreneur community in Great Britain can be bolstered further.

# METHODOLOGY

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The data utilised in this report came from an FSB survey of its members in England, Wales and Scotland undertaken in late 2018. The research asked members about their recent experience of community engagement and a range of employment issues, especially in relation to specific sub-populations in the labour market e.g. veterans. The survey was completed by 1,876 small business owners.

The survey was complemented by both focus groups and semi-structured interviews with FSB members based Great Britain. Where relevant, key findings about the benefits of employing service leavers from this qualitative research are reflected in excerpts in the report.



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