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America's Voice

on Small Business

GENERATIONAL VIEWS OF
ENTREPRENEURSHIP AND SMALL BUSINESS

Research Presented By:
America's SBDC and The Center for Generational Kinetics



THE CENTER FOR
GENERATIONAL KINETICS®

A WORD FROM THE AUTHORS



There is an entrepreneurial hunger in America today especially amongst our youngest generations—who have vision, ideas, and creativity.

Where these would-be entrepreneurs often get hung up is in the more practical aspects of accessing capital and knowing how to start and run a small business. The right tools and resources will not only help sustain the businesses that have already been started, but also inspire those dreaming about a different path or biding their time until they have more clarity on what the future may hold.

In other words, access to a knowledgeable, experienced, and connected partner could be the difference in millions of Americans choosing to start a new small business. The economic health of America is tied directly to the wellbeing of its small businesses, which makes effective means of supporting the creation and growth of these organizations a top priority.

~America's Small Business Development Centers (SBDC)
and The Center for Generational Kinetics

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WELCOME FROM THE AUTHORS

***Welcome to the
2017 America's
Voice on Small
Business Study.***

***We are pleased
to share our
exciting findings
with you.***

Small businesses are an integral aspect of not only the economy, but also communities and families across the country. They are the face of America because they represent the creativity, ingenuity, and hard work that fuels this country's economy. It is critical that we understand the state of entrepreneurialism in America and develop strategies to support and promote the success of current and future generations of entrepreneurs—whatever their age.

This national study is an important step toward achieving this goal. It was designed to uncover research-based insights into the entrepreneurial mindset of Americans, and how to engage them by understanding their perceptions, motivations, and behaviors when it comes to small business. For the purpose of this study, the term "small business" is defined as an independently owned and operated company that employs fewer than 500 people.

America's SBDC and The Center for Generational Kinetics are pleased to partner on this groundbreaking national research. To schedule a media interview about the study and its findings, please contact marketing@americassbdc.org.

Best regards,

America's SBDC
The Center for Generational Kinetics



SMALL BUSINESS: A Key Part of American Life



Americans have surprising small business experience and familiarity



34%
OF AMERICANS

HAVE WORKED IN
A SMALL BUSINESS
IN THE PAST

27%

HAVE FRIENDS
WHO OWN A SMALL
BUSINESS

In fact, the national study found that Millennials (born 1977-1995) are more likely than other generations to currently work at a small business. They are also much more likely to have family or close friends who own a small business. **Additionally, nearly a quarter (24%) of both Millennials and Gen X (born 1965-1976) owns or has owned a small business.**

While history shows that America was built by small business, the integral role these organizations still play in American life is never seen more clearly than when people are asked about their experiences and connections with small businesses.

The national study found that more than one-third of Americans (34%) have worked in a small business in the past and more than a quarter (27%) have friends or family who own a small business. But it isn't just older Americans who have a strong connection to small business.

BOTTOM LINE:

Whether in the role of employee, owner, or close observer, Americans are closely connected to small businesses. The trend of this connection appears to be strengthening rather than weakening, as Millennials are showing even more links to small businesses from a variety of vantage points.

The Entrepreneurial mindset is alive and well, especially in Millennials

The tough economic waters of the last decade have done little to dampen the entrepreneurial spirit of Millennials. In fact, our research shows that the financial instability of Wall Street may, in fact, be turning more people toward the idea of owning a small business.

The national study found that 61% of Millennials say there is more job security in owning your own business than in working for someone else. For younger Americans, entrepreneurialism is actually a form of insurance against job uncertainty. On the other hand, 64% of Baby Boomers think there is greater job security in working for someone else than in owning your own business.



This makes sense when considering the experience Millennials have had with small business. Millennials are no strangers to it and their experiences have fostered entrepreneurial enthusiasm. The national study found that a striking 38% of Millennials have been a part of a new start-up company when it first began and 26% have lived entirely off the income from a business they started.

61%
OF MILLENNIALS

**SAY THAT THERE IS MORE JOB
SECURITY IN OWNING YOUR OWN
BUSINESS THAN IN WORKING FOR
SOMEONE ELSE**

38%
OF MILLENNIALS

**HAVE BEEN A PART OF A
NEW START-UP COMPANY
WHEN IT FIRST BEGAN**

26%

**HAVE LIVED ENTIRELY
OFF THE INCOME FROM A
BUSINESS THEY STARTED**



But they're not done.

The national study also found that 62% have a dream business in mind that they would love to start, and close to half (49%) intend to start their own business in the next three years.

62%
OF MILLENNIALS

**HAVE A DREAM
BUSINESS IN MIND
THAT THEY WOULD
LOVE TO START**

49%
OF MILLENNIALS

**INTEND TO START
THEIR OWN
BUSINESS IN THE
NEXT 3 YEARS**

BOTTOM LINE:

A positive entrepreneurial attitude is thriving in America, particularly among Millennials whose past experiences with small business have left them with a determination to continue their entrepreneurial journey. This determination is not only for the sake of starting something new or creative, but also from the practical sense of having a form of job security that comes from relying and betting on oneself as opposed to another person.



ENTREPRENEURIALISM: Barriers and Roadblocks

Money is the most limiting factor in entrepreneurship

Every endeavor has some sort of barrier to entry, whether it's time, ability, or know-how. Starting a small business is no different, and it could be argued, has even more hurdles than the average business undertaking. However, all generations agree that money is the most important resource to starting a business with 43% of Americans citing money or access to money.

43%
OF AMERICANS

**CITE MONEY OR ACCESS TO MONEY
AS THE MOST IMPORTANT RESOURCE
TO STARTING A BUSINESS**

But the money hurdle isn't just seen as an obstacle to entrepreneurship, it is thought to be the toughest barrier to becoming an entrepreneur. **The national study found that 55% of Americans rate accessing money as the most difficult aspect of starting a business.** Women are even more likely to feel daunted by this barrier with 63% of women saying accessing money is the most difficult aspect of starting a business. This is much higher than men, 45% of whom rate accessing money as the most difficult aspect.



**SAY ACCESSING MONEY AS THE
MOST DIFFICULT ASPECT OF
STARTING A BUSINESS**

No matter how you slice it, the national study found that money is a big deal to would-be entrepreneurs. **This point is further illustrated by the fact that 33% of Americans say not having money or financing is the #1 reason keeping them from starting their own business.**

BOTTOM LINE:

A barrier, by its nature, keeps many people from crossing a threshold that they would otherwise gladly cross. Such is the case with would-be entrepreneurs and access to capital. Money is what most people view as critical for starting a small business, yet also the most difficult to access. Women are even more likely than men to view accessing money as a difficult task.

Lack of business acumen and savvy also create barriers to starting a new business

Money may be the most daunting barrier to small business creation, but it certainly isn't the only one. A myriad of other potential roadblocks exist for new entrepreneurs, many of them centering on a lack of knowledge or experience.

This is particularly true for younger Americans who are more likely than older generations to believe that a lack of small business knowledge and education is the #1 reason preventing them from starting their own business. In fact, the national study found that more than 13 million Millennials say the #1 reason that keeps them from starting a business is not knowing how to run a business. The study also found that more than 13 million Millennials believe the biggest barrier is not knowing where to go for help with starting or running a business.

Education and training are highly valued by the Millennial generation and they extend this emphasis even when starting a new business. Though money is often a great obstacle to Millennials, their greater concern lies with accessing the necessary help, training, and guidance to ensure their business' success.

MORE THAN
13
MILLION
MILLENNIALS

BELIEVE THE #1 REASON THAT
KEEPS THEM FROM STARTING
A BUSINESS IS NOT KNOWING
HOW TO RUN ONE OR WHERE
TO GO FOR HELP

BOTTOM LINE:

For many Millennials, a simple lack of knowledge about the practical aspects of starting and running a business or where to find help with these issues is one of the largest barriers to becoming an entrepreneur. The need for basic, real-world, hands-on assistance and guidance is important and valued. Providing these will fuel the next generation of American small business owners.



**NEW
BUSINESS CREATION:**
Catalysts and Untapped Potential

America has enormous untapped entrepreneurial potential

Would-be entrepreneurs are everywhere, and with the right circumstances, they are willing to make the leap into the entrepreneurial life right away. In fact, the national study found that 41% of Americans would quit their job and start a business in the next 6 months if they had the tools and resources they need. **Of this group, Millennials are the generation most likely to say this (54%).**

Help in the form of tools and resources is more than just a nice idea, it actually generates the creation of new businesses and increases the sustainability of existing ones. Just knowing where to go to get this help is the catalyst many people need to start an entrepreneurial endeavor. In fact, the national study found that a stunning 61% of Americans say they would be encouraged to start a small business if they knew where to go for help. **The numbers are even more striking for Millennials, where 74% say the same.**



41%
OF AMERICANS

WOULD QUIT THEIR JOB
AND START A BUSINESS
IN THE NEXT 6 MONTHS IF
THEY HAD THE TOOLS AND
RESOURCES THEY NEED

61%
OF AMERICANS

SAY THEY WOULD BE
ENCOURAGED TO START
A SMALL BUSINESS IF
THEY KNEW WHERE
TO GO FOR HELP

BOTTOM LINE:

Starting a small business is an appealing but daunting task for many Americans. However, if they know where to go for help, they are much more likely to jump in to becoming an entrepreneur. They are also ready to jump in quickly, even quitting their job and starting a small business in the next 6 months if they have the right tools and resources.

Small business is a wealth creator

Americans believe that small business, at its core, is a wealth creator. There are a number of appealing reasons to start a business, including the chance to be creative, pursue a dream, or make a difference in the world. But, wealth creation is at the top.

The national study found that 47% of Americans list the potential to make money as what would motivate them most to start their own business. The appeal of being your own boss is a strong motivator as well, with 40% of Americans listing this as their motivation for starting a small business. Regardless, wealth creation remains the chief reason.

47%
OF AMERICANS

**LIST THE POTENTIAL TO MAKE MONEY
AS WHAT WOULD MOTIVATE THEM MOST
TO START THEIR OWN BUSINESS**

Money is more important than fun! The national study found that 62% of Americans would rather have a business that makes a lot of money than a business that is a lot of fun. This drive is stronger than expected among Millennials where 62% say they would rather take the money, while the perception is that they just want to have fun.

62%
OF AMERICANS

**WOULD RATHER HAVE A
BUSINESS THAT MAKES A
LOT OF MONEY THAN ONE
THAT IS A LOT OF FUN**

62%
OF MILLENNIALS

**WOULD RATHER TAKE
THE MONEY, WHILE THE
PERCEPTION IS THAT THEY
JUST WANT TO HAVE FUN**

Millennials are even willing to move abroad for a successful new business venture. The national study found that 65% of Millennials would move to a different country if they knew their new business would be successful in that location.

BOTTOM LINE:

Small business translates into wealth creation in the minds of Americans. Not only is the potential to make money the most motivating reason to start a small business, but most Americans would rather have a business that makes a lot of money than one that is a lot of fun. Millennials are so serious about creating wealth through a small business endeavor that they are even willing to move abroad if they know the venture would be successful in that location.

RESEARCH

CONCLUSIONS

A healthy view of small business and entrepreneurship exists in America today.

Not only do many Americans already have experience with small business from the vantage point of owner, employee, or family member but they also have a drive to create new ones.

This is true for every generation, but particularly for Millennials who, more than any other group, have dream businesses they would love to start, and have the intention of starting a small business in the near future. The creation of these new businesses is not just an idealistic adventure. There is a practical, calculated element as well because Millennials, more than any other generation, believe that there is more job security in owning your own business than in working for someone else.

And it's more than just job security. Americans believe that wealth can be created with small businesses. They name the potential to make money as the factor that would most motivate them to start a new business. Most Americans would even rather have a business that makes lots of money than one that is lots of fun.

But there are barriers standing in the way of new business creation and much of it centers on money. Access to capital is what Americans list as the most critical resource and difficult aspect of creating a new business. Money isn't the only barrier, however—particularly for Millennials who say that educational obstacles such as not knowing how to start or run a business and not knowing where to go for help are major hindrances to them starting small businesses of their own.

STUDY

HIGHLIGHTS

Here are four highlights from the study for success with increasing small business growth:

1. The entrepreneurial spirit needs affirmation:

Americans have a desire to create small businesses. They need a roadmap to make the path of starting a small business discernable and less overwhelming to the average person starting a business for the first time. Seeing this roadmap and knowing it exists proves that entrepreneurship is an achievable endeavor.

2. Access to start-up capital is critical:

It takes more than a market ready idea, desire, risk tolerance, and a willingness to work hard to start and grow a business in America. Most of the time it takes access to start-up capital. Though much has been done to address this issue it is clearly not solved to the point that it is no longer a barrier. If we want to enable our very willing entrepreneurs to take the leap to business ownership we must make the needed capital available to them.

3. Support will go a long way:

Small business owners and would-be entrepreneurs want and need to know they have a place to turn for advice and support. Whether this comes in the form of counseling on business formation and best practices for managing employees or training on accounting software matters less than the fact that such a support structure exists.

4. Women are willing entrepreneurs: Women are no less entrepreneurial than men; they simply have a different equation for measuring risk. Women have business ideas and want to start businesses with the same fervency as men, but they will often launch under different circumstances and with a different set of safety nets. Reaching women is vital to small business growth in America and it can be done with messaging that addresses the unique concerns of women, particularly in terms of risk.

ABOUT THE AUTHORS

AMERICA'S SBDC

America's SBDC is the association representing the nation's 63 small business development center networks. Located in 1,000 centers across the country small business development centers (SBDCs) and their thousands of trained advisers and coaches provide free one-on-one consulting to small business owners on a vast array of subjects.

Each year SBDCs assist over 200,000 small businesses with over 1.3 million hours of consulting, and thousands of training sessions. SBDCs aid small businesses in obtaining over \$4.6 billion in capital and help them create over \$7 billion in new sales and over 100,000 jobs.

THE SBDC MISSION: To help create strong, successful businesses and build the American dream.

THE CENTER FOR GENERATIONAL KINETICS

The Center for Generational Kinetics is the leading research, speaking, and solutions firm focused on Millennials, Generation Z, and solving generational challenges. The Center's team of PhD researchers, strategists, and keynote speakers help leaders around the world solve tough generational challenges in areas ranging from employing multiple generations or recruiting Millennials to selling and marketing to Millennials and across generations.

Each year, The Center works with over 150 clients around the world, from car manufacturers and global hoteliers to insurance companies, hospital chains, and international software firms. The Center's team is frequently quoted in the media about the effect of generational differences on everything from shopping and parenting to work style and social media. Learn more about The Center at GenHQ.com.

RESEARCH METHODOLOGY

America's SBDC and The Center for Generational Kinetics jointly led this research study. The survey was administered to 1,011 U.S. adults ages 21-65.

Millennials are defined as those born between 1977 and 1995, Gen X is defined as those born between 1965 and 1976, and Baby Boomers are defined as those born between 1946 and 1964. The sample was weighted to the current census data for age, gender, and region.

The survey was conducted online from March 24, 2017 to March 28, 2017 and has a margin of error of +/-3.1 percentage points.



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