



Breaking Barriers: The Voice of Entrepreneurs

2018 State of Entrepreneurship
February 28th, 2018

EWING MARION
KAUFFMAN
FOUNDATION



GLOBALSTRATEGYGROUP
LEAD THE WAYSM



**PUBLIC OPINION
STRATEGIES**

www.kauffman.org

© 2018 Ewing Marion Kauffman Foundation

Methodology

- Global Strategy Group and Public Opinion Strategies conducted a national online survey of 2,165 business owners from January 26th – February 13th, 2018. This sample included:
 - 764 first year startups
 - 1133 startups that were fewer than five years old
 - 1032 businesses that were more than five years old

Key Findings

- Entrepreneurs are very optimistic - not only about their businesses currently, but also about the future of their businesses and the potential for growth.
- This optimism carries over to their satisfaction with the current economic climate for businesses, their profits, and belief that conditions will continue to improve for business owners.
- Despite their current satisfaction, entrepreneurs say they struggled the most with the technical steps of opening their business.

Key Findings

- These entrepreneurs say the government isn't supporting them as they seek to open or grow their businesses. The government resources that are available to them aren't the ones they need, and many feel that the government supports established businesses over their own.
- However, there is an opportunity for the government to support these entrepreneurs by being more proactive in supporting a business-friendly environment such as repairing infrastructure and streamlining taxes and regulations on businesses.

Profiles of Entrepreneurs



- Of the 1,133 startups we surveyed, 764 started their business within the last year.
- These businesses tend to ...
 - Not have employees
 - Not have a brick and mortar location and conduct business online
- These business owners are more likely to be...
 - Aged 18-44
 - Democratic
 - Black or Hispanic



Older Businesses

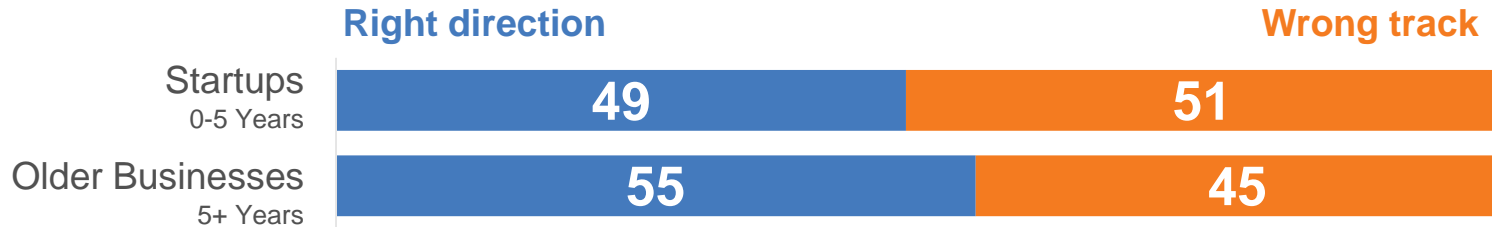
- These businesses tend to ...
 - Have been started more than ten years ago
 - Have less than ten employees
 - Have a brick and mortar location
- These business owners are more likely to be...
 - Men
 - Older than 45
 - Republican
 - White



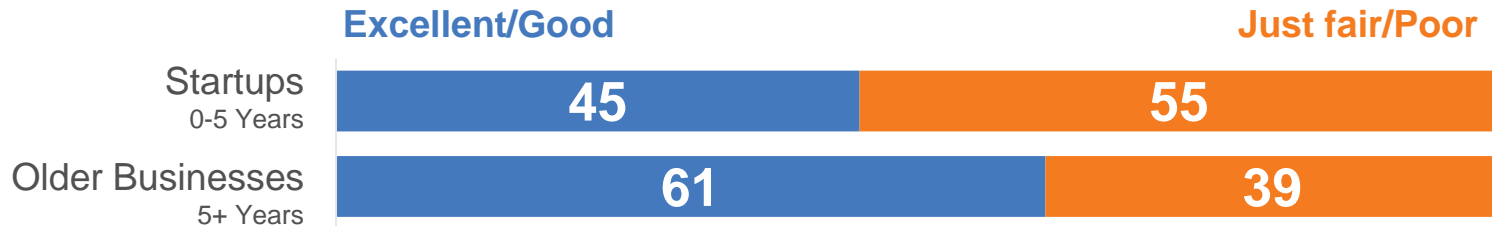
The Current State of Entrepreneurship

Entrepreneurs are split on the direction of the country and economy, though startups are more pessimistic

In general, would you say things in the U.S. are headed in the right direction or are things off on the wrong track?



How would you rate the state of the current national economy?

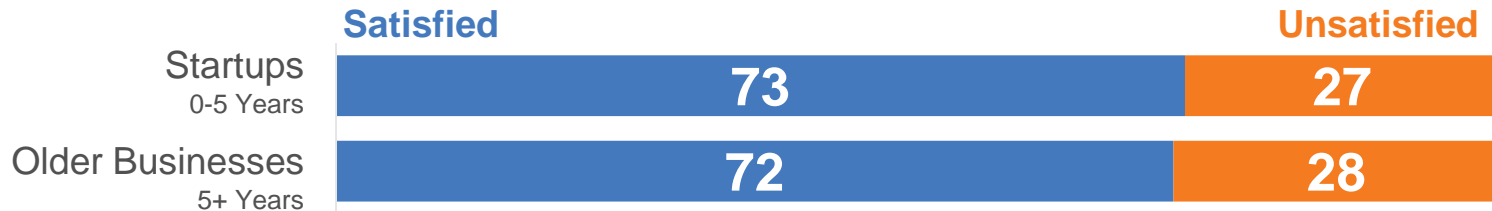


However entrepreneurs are very optimistic about their current and future business performance

Business Performance in 2017 and 2018

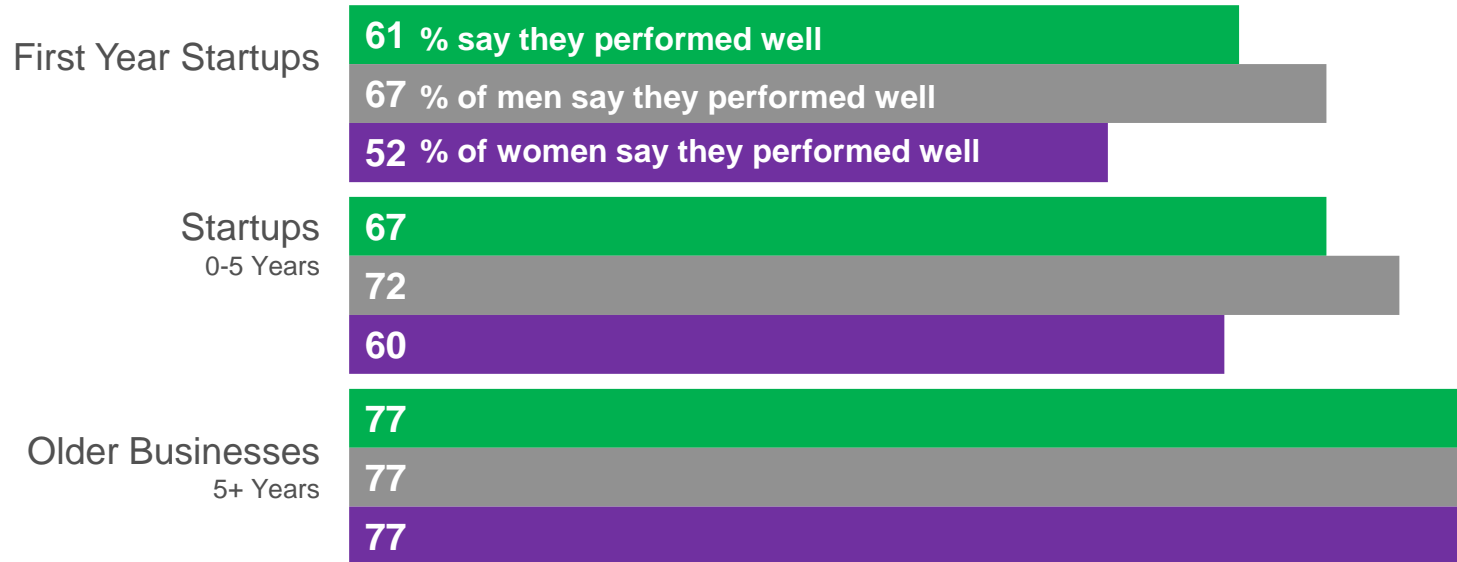


Generally speaking, are you satisfied or unsatisfied with your business' profitability?



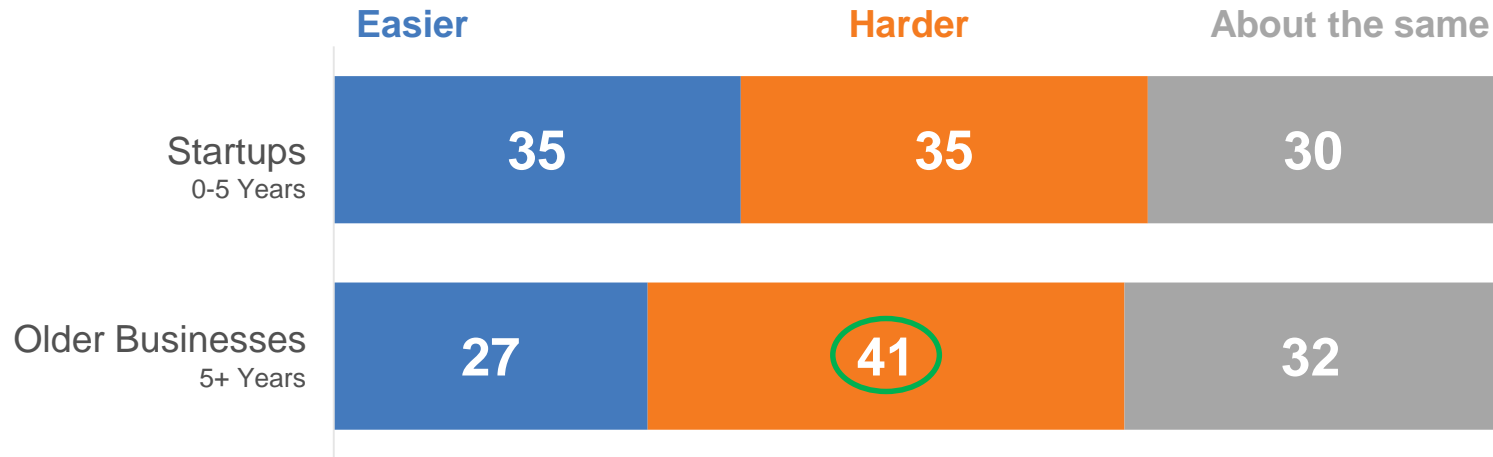
In the first year of owning a business female entrepreneurs appear to struggle more, but this fades over time

How would you rate your business' performance in the last year (2017)?



However, taking a step back, many are mixed about the current environment for starting a business

Compared to five years ago, do you think it is easier or harder for individuals to start their own business?



Positivity is driven by increased access to resources and technology, while those who feel things are harder place blame on the economy

Why is it easier to start a business now than it was five years ago?

Why is it harder to start a business now than it was five years ago?



Most businesses – especially startups– have moved to conduct business online.



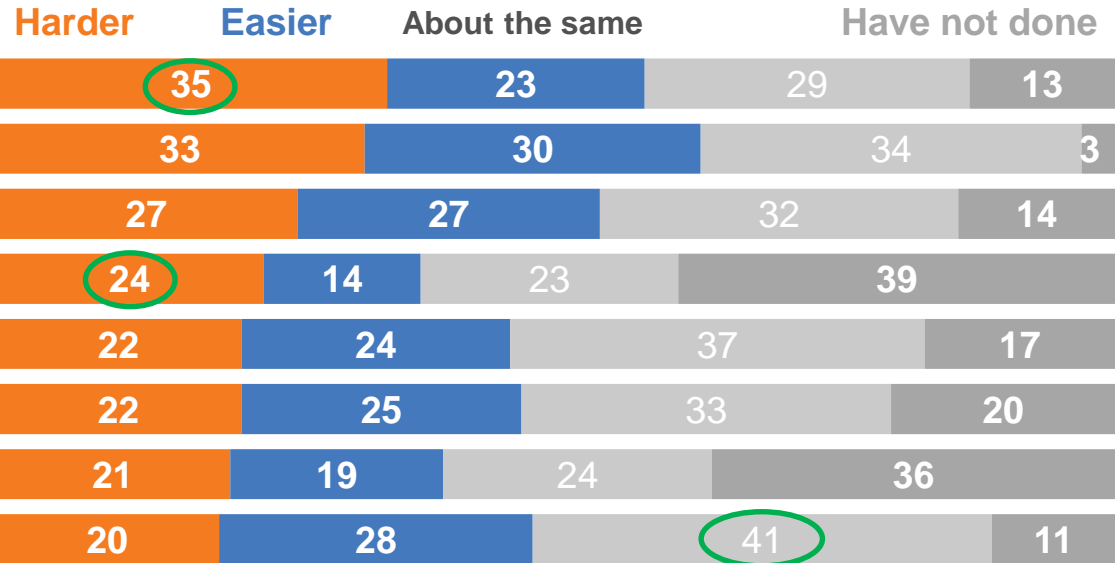
Around half of entrepreneurs think there is too much government regulation on businesses in the U.S.

Drilling down, we see it's become harder for startups to take the initial steps to start their business

Please indicate whether you think it has gotten easier or harder for business owners to accomplish... [Startups]

Older Businesses

Harder | Same | Easier



22 | 43 | 17

31 | 42 | 26

18 | 39 | 19

16 | 22 | 10

14 | 54 | 22

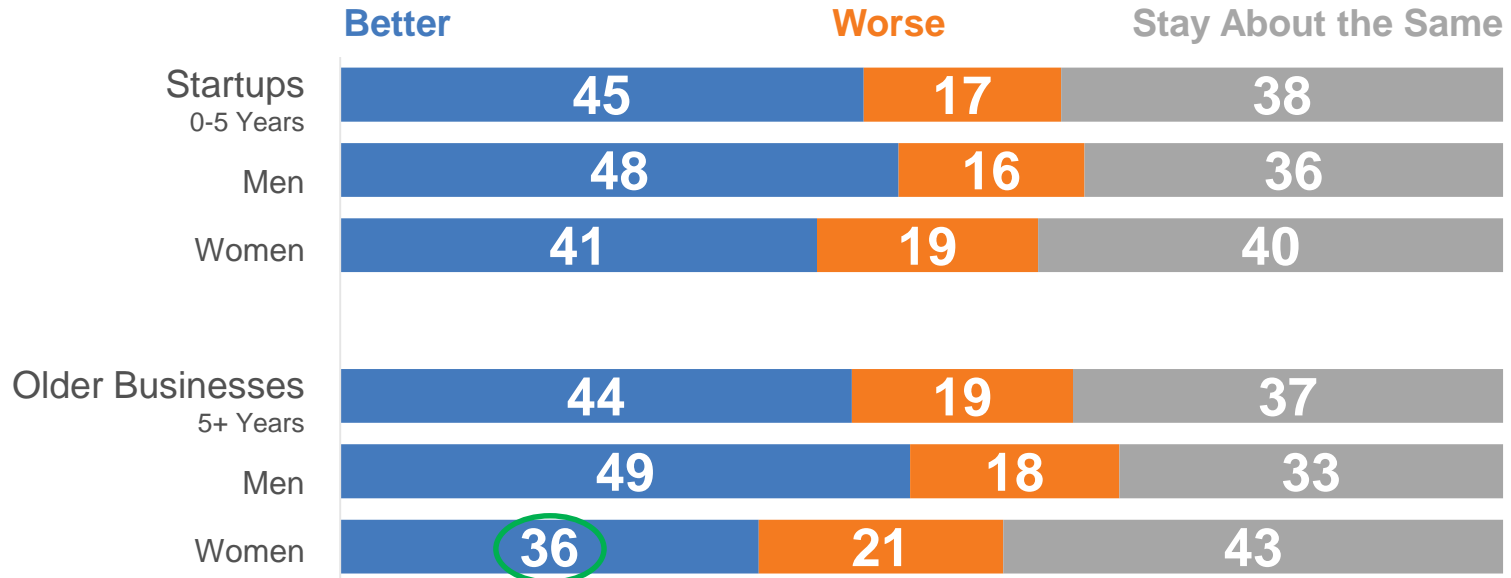
14 | 55 | 20

25 | 22 | 18

16 | 57 | 23

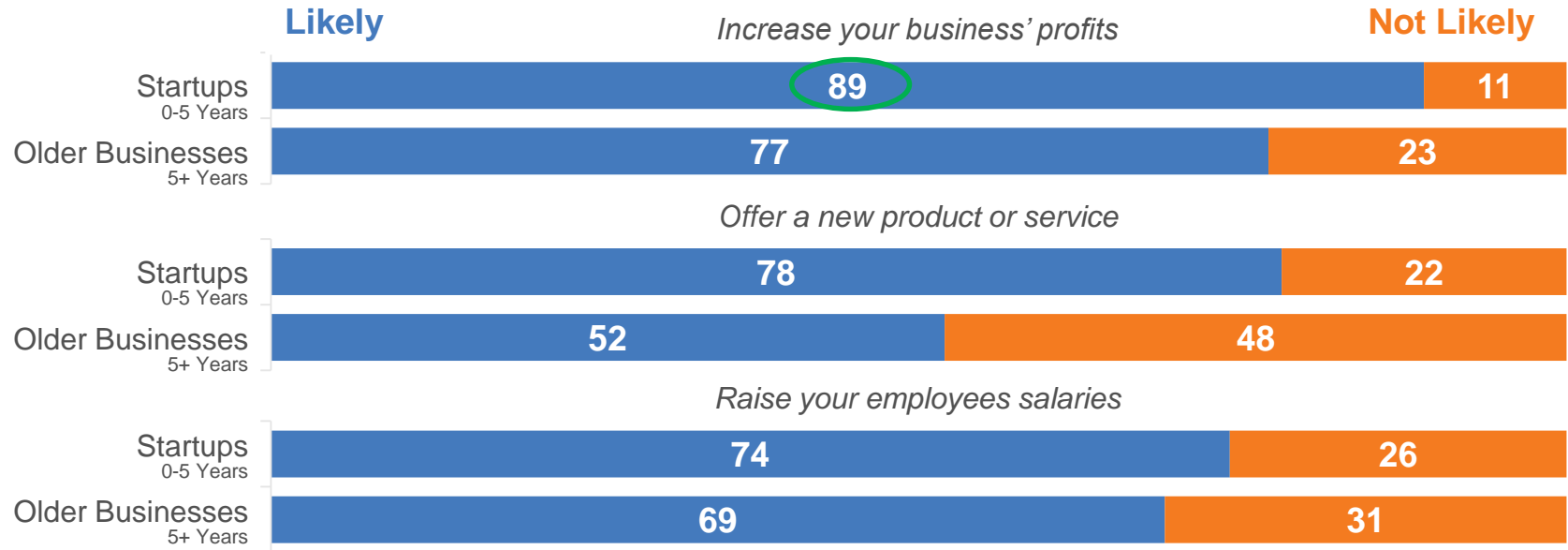
Despite their mixed feelings, their unrelenting optimism and drive leaves many to believe that conditions will improve

Thinking about the next year, do you think the conditions will get better or worse for business owners?



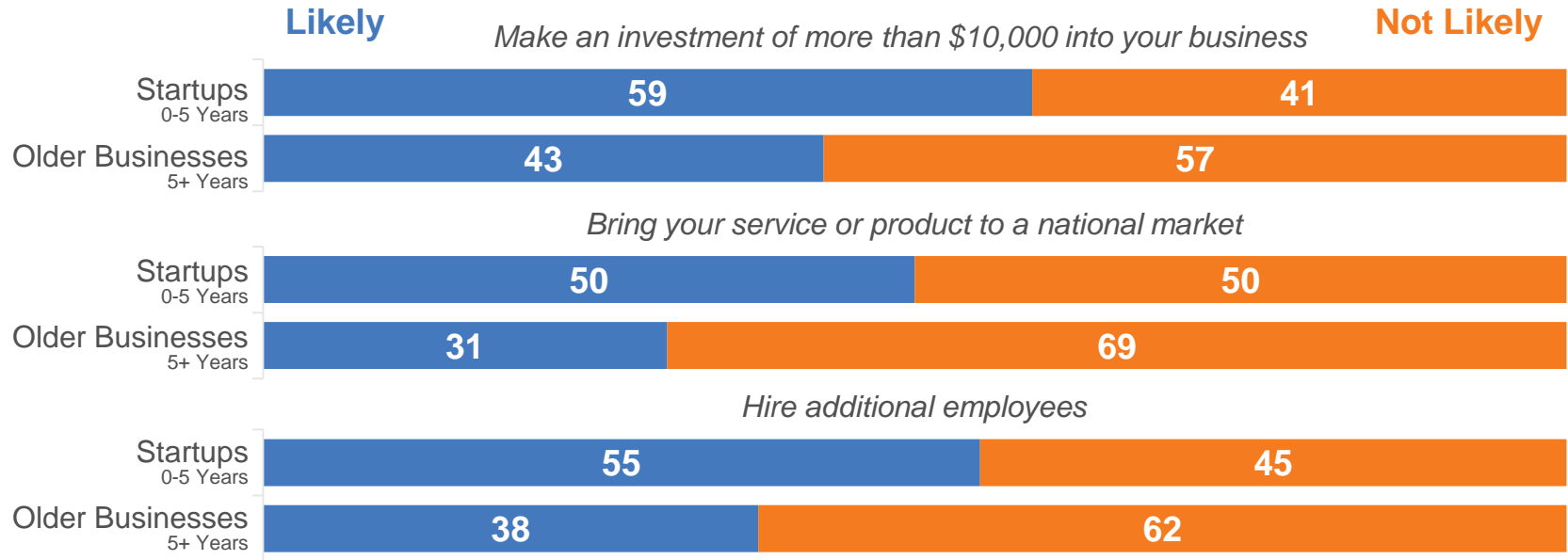
Anticipation of better conditions drives many to plan for additional revenue in the coming year

In the coming year, how likely do you think you are to do each of the following?



There is tremendous potential for growth among startups with most planning to scale their businesses

In the coming year, how likely do you think you are to do each of the following?

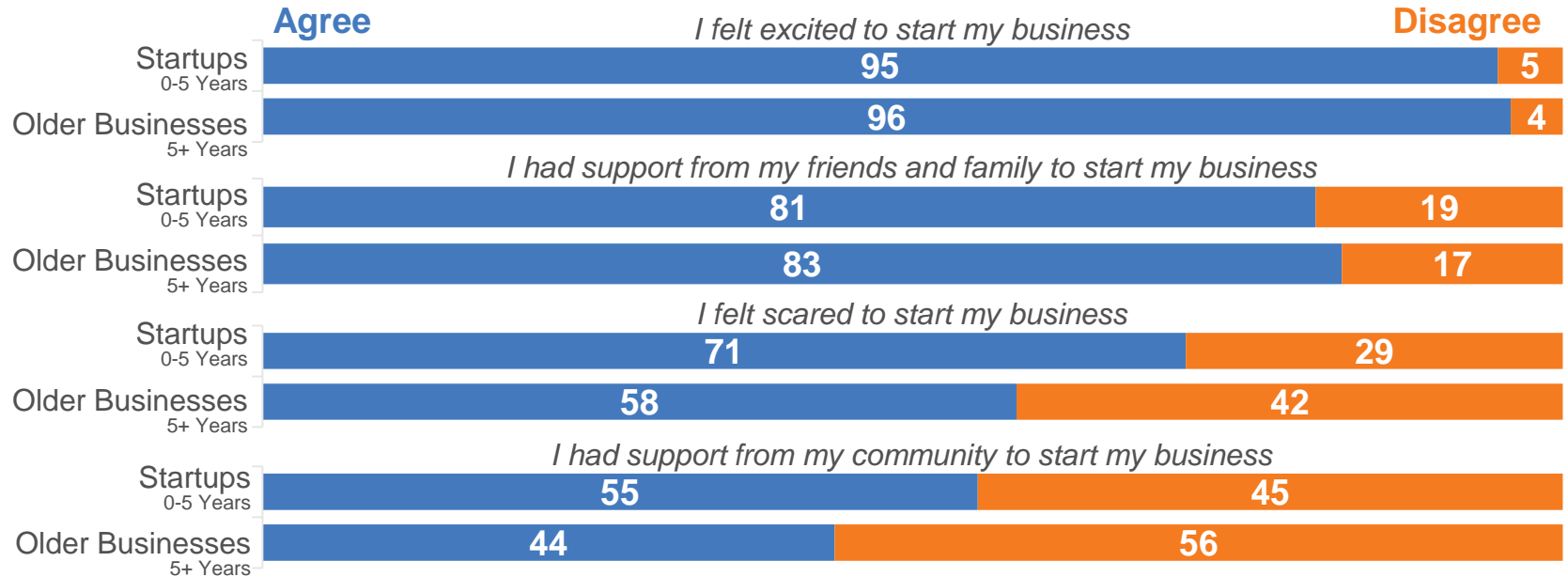




The Experience of Owning a Business

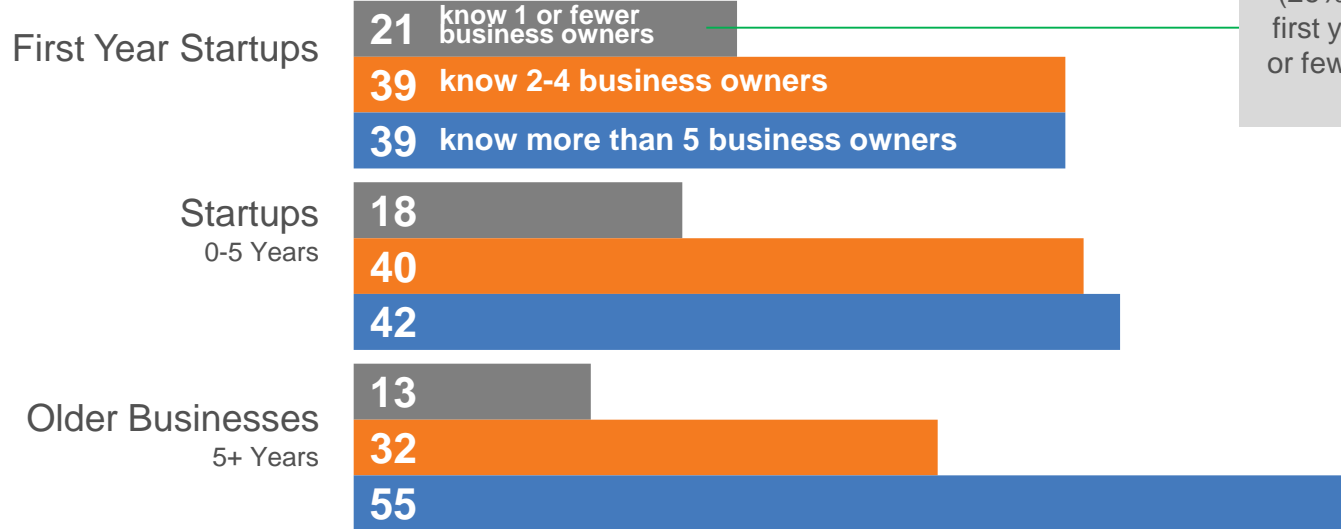
Driven by excitement and the support of their networks, entrepreneurs are motivated to take the leap and start their own business

Do you agree or disagree with the following statements?



When they are first starting out, younger businesses have fewer entrepreneurs to turn to for support or guidance

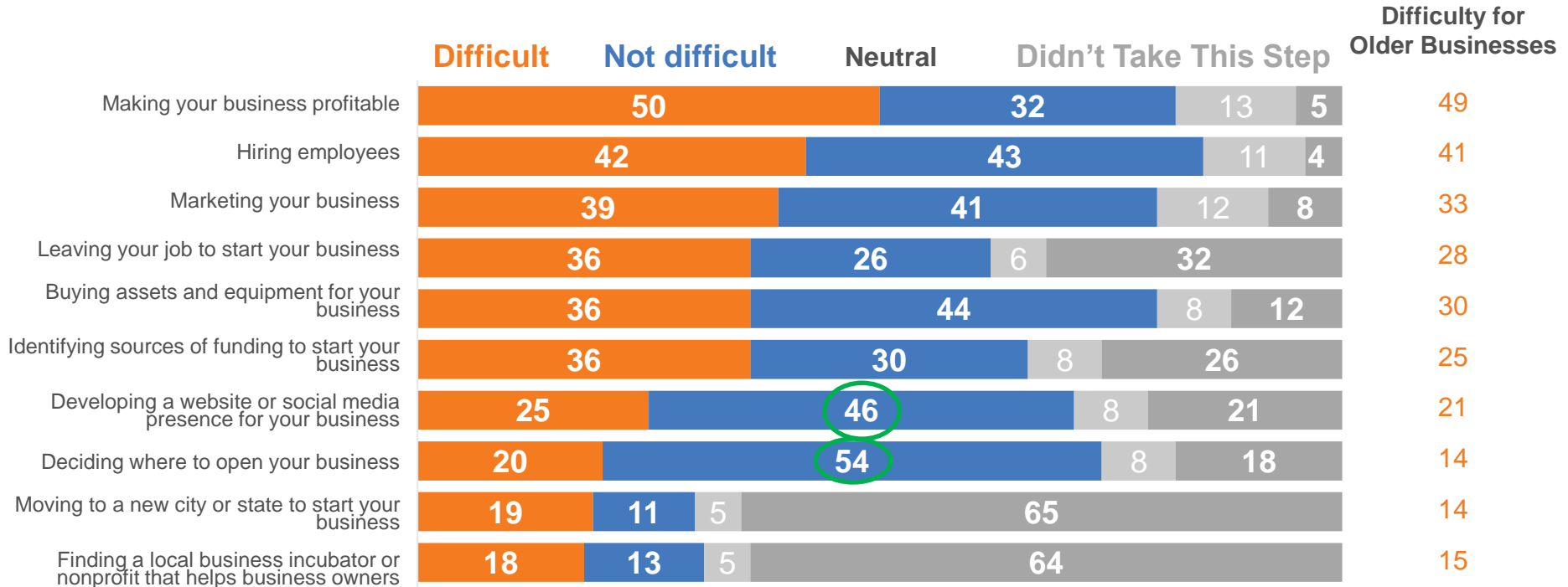
How many people do you know that own their own business?



Nearly a quarter of black (26%) and Hispanic (24%) first year startups have one or fewer business owners in their network.

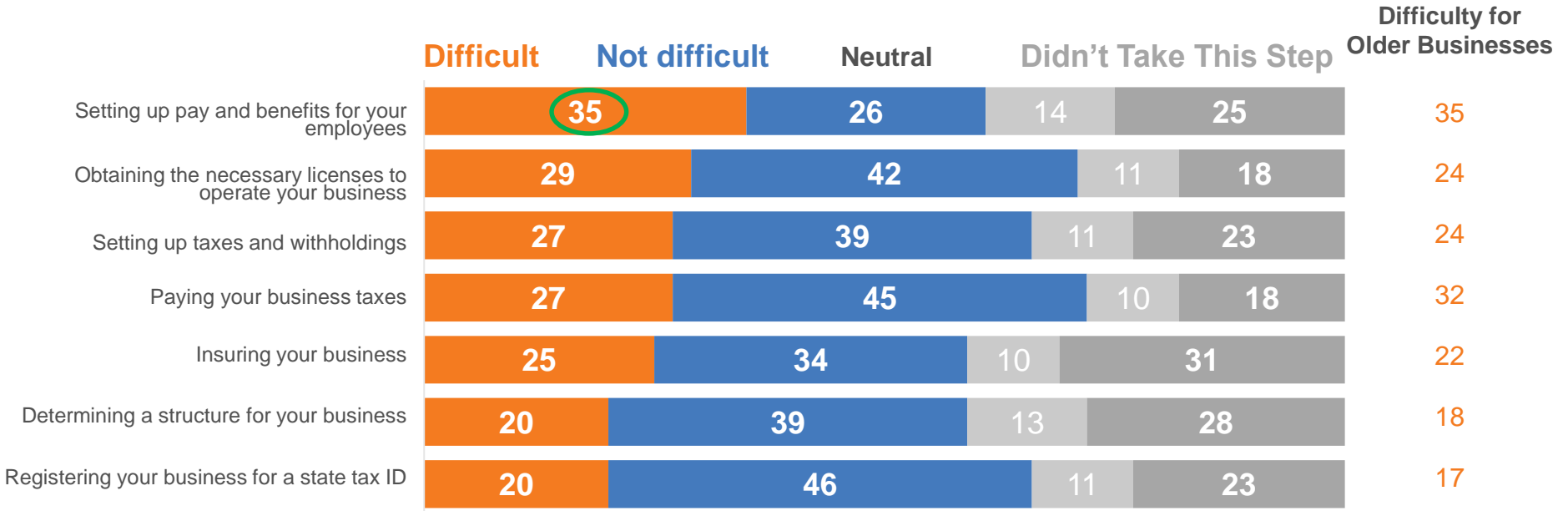
Entrepreneurs are confident in their ability to market their ideas but struggle with finding financial stability and growing their business

Please rate how difficult it was for you, personally, to do each of the following. [Startups]



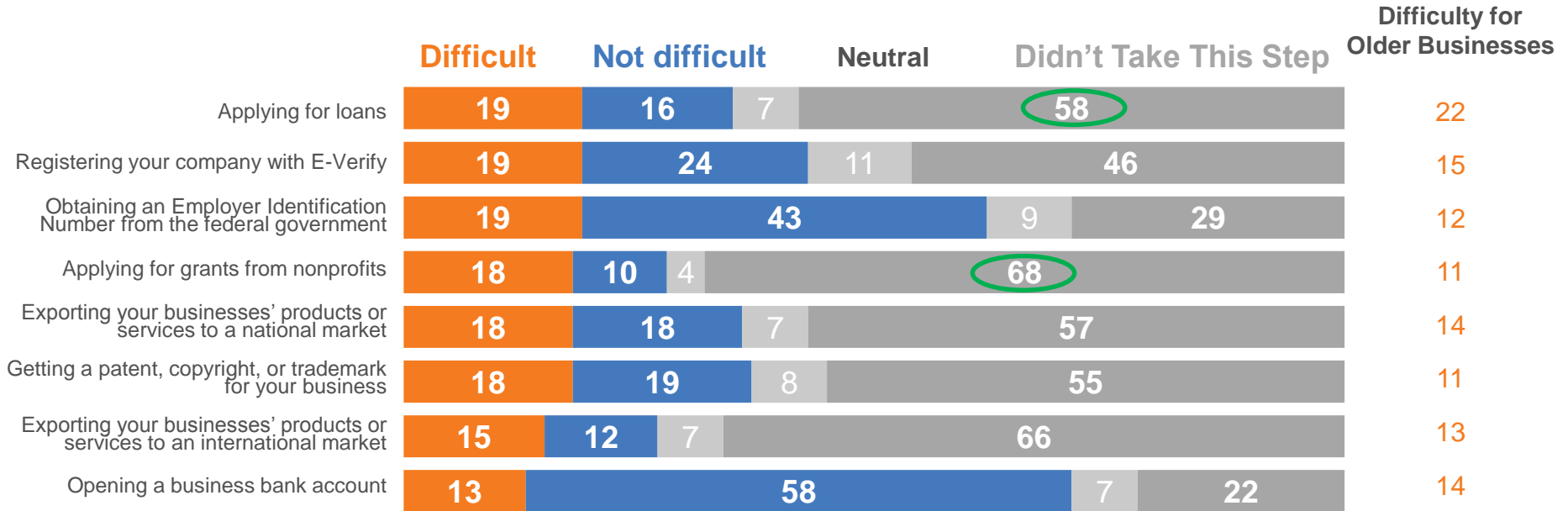
These financial concerns lead many to struggle with the technical steps of growing their business

Please rate how difficult it was for you, personally, to do each of the following. [Startups]



Despite concerns about profitability and finances, few entrepreneurs are turning to external resources for support

Please rate how difficult it was for you, personally, to do each of the following. [Startups]

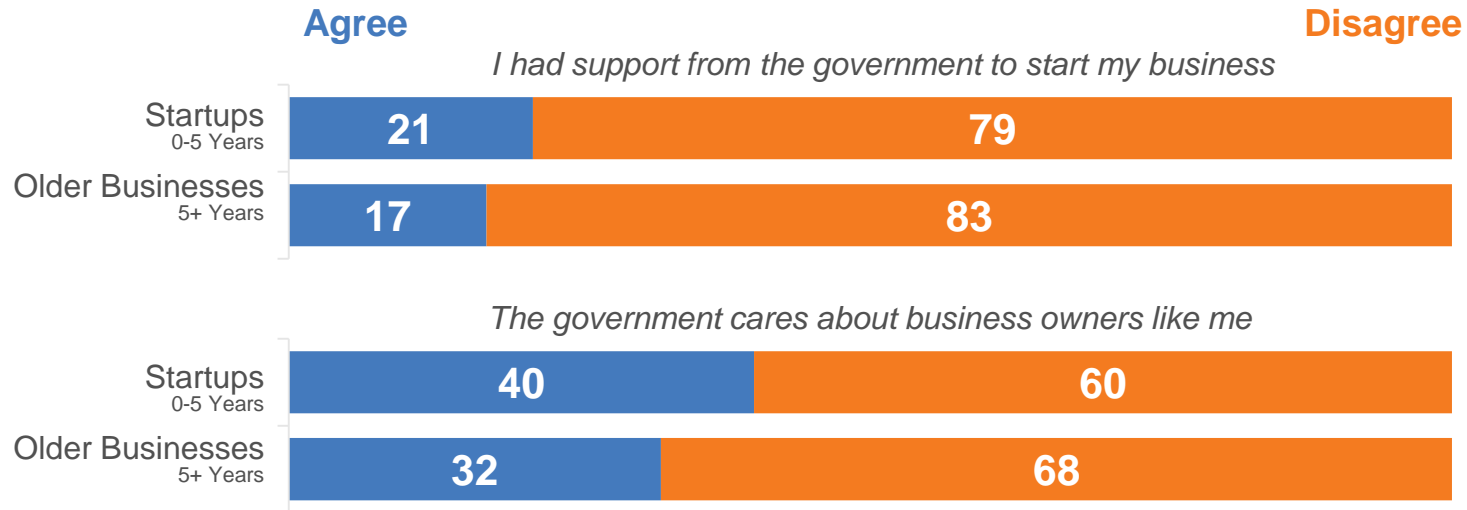




Supporting Entrepreneurs

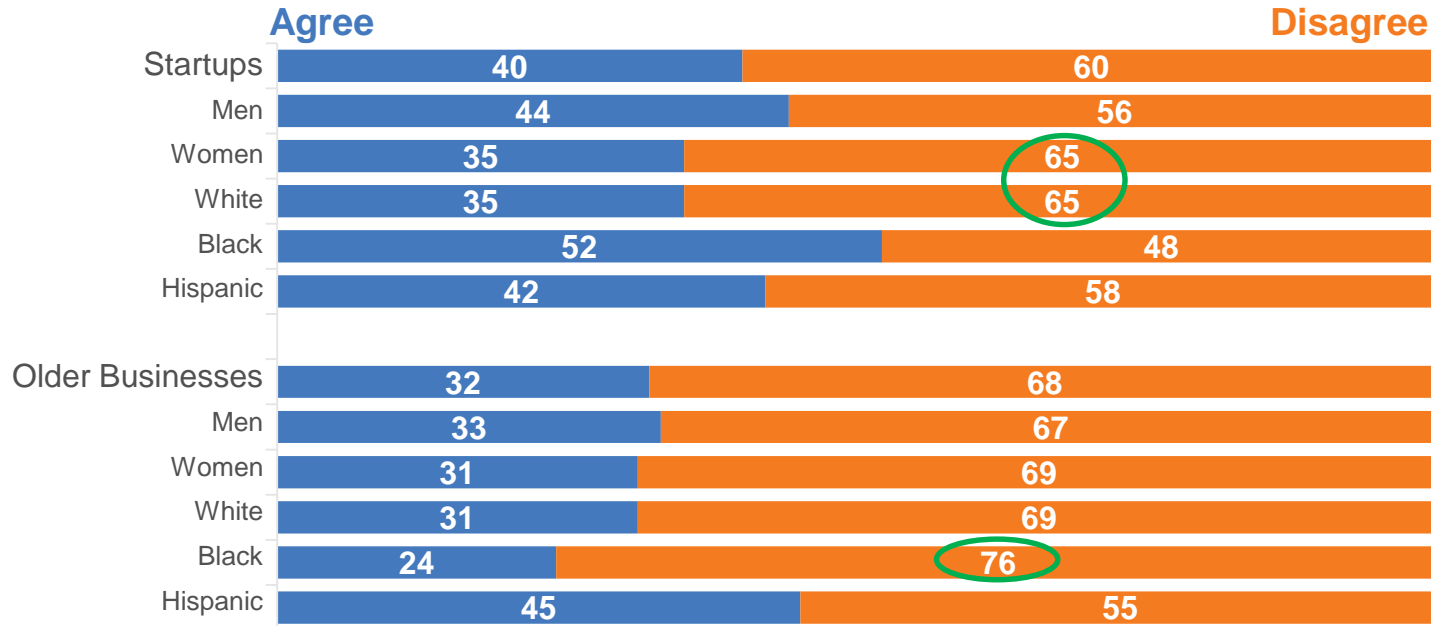
Entrepreneurs overwhelmingly feel unsupported by the government

Do you agree or disagree with the following statements?



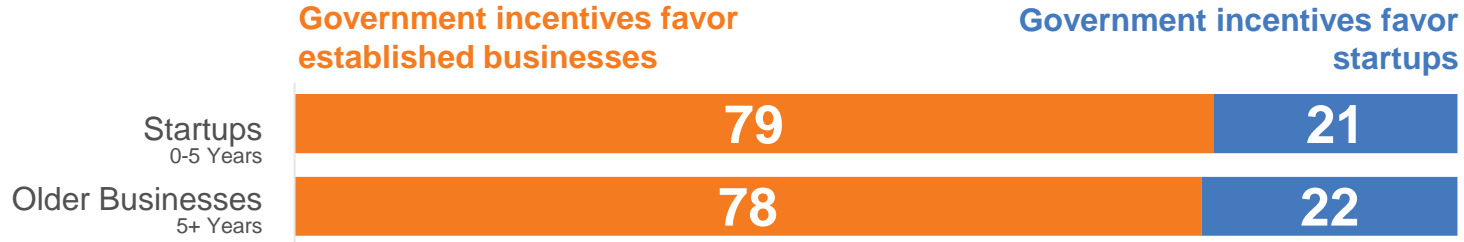
This is particularly problematic for startup women and black entrepreneurs with older businesses

Do you agree or disagree with the following statement?: The government cares about business owners like me.

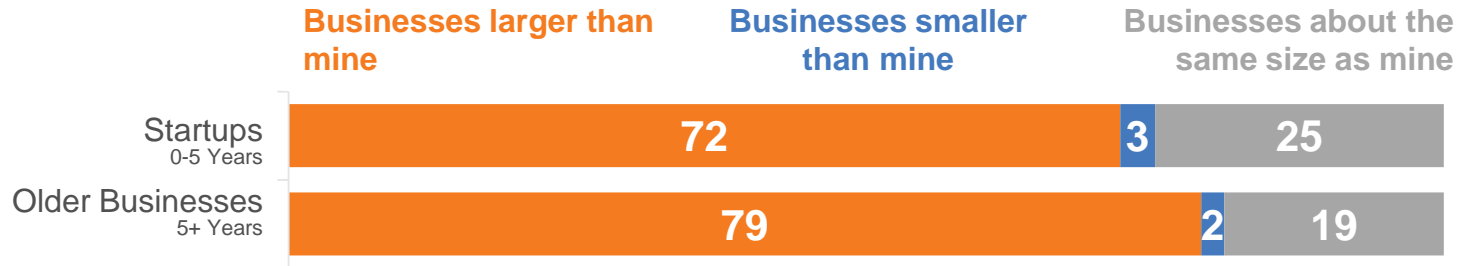


This perceived lack of support leads many to feel that government programs benefit larger, established businesses

Which statement do you agree with more?

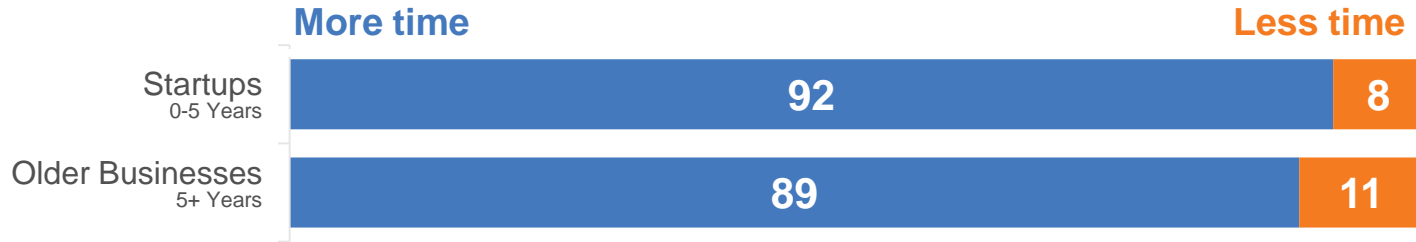


Which of the following best describes the businesses that are most successful in today's business environment?

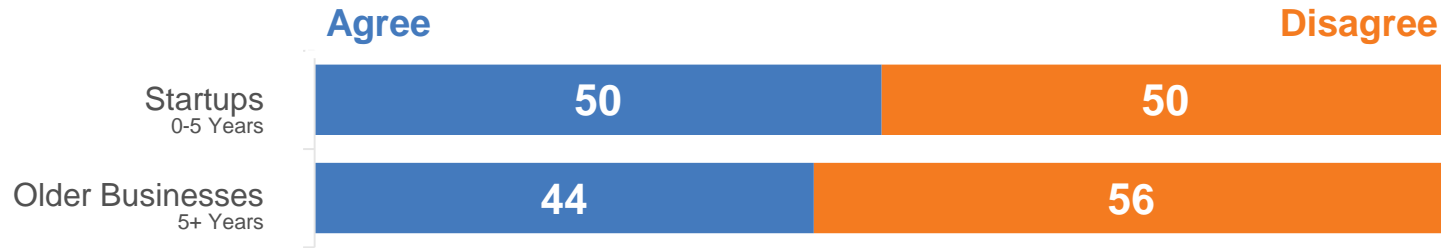


Nearly all entrepreneurs believe the government should be doing more to help business owners like them

Do you think the President and Congress should spend more or less time working to help business owners like you?

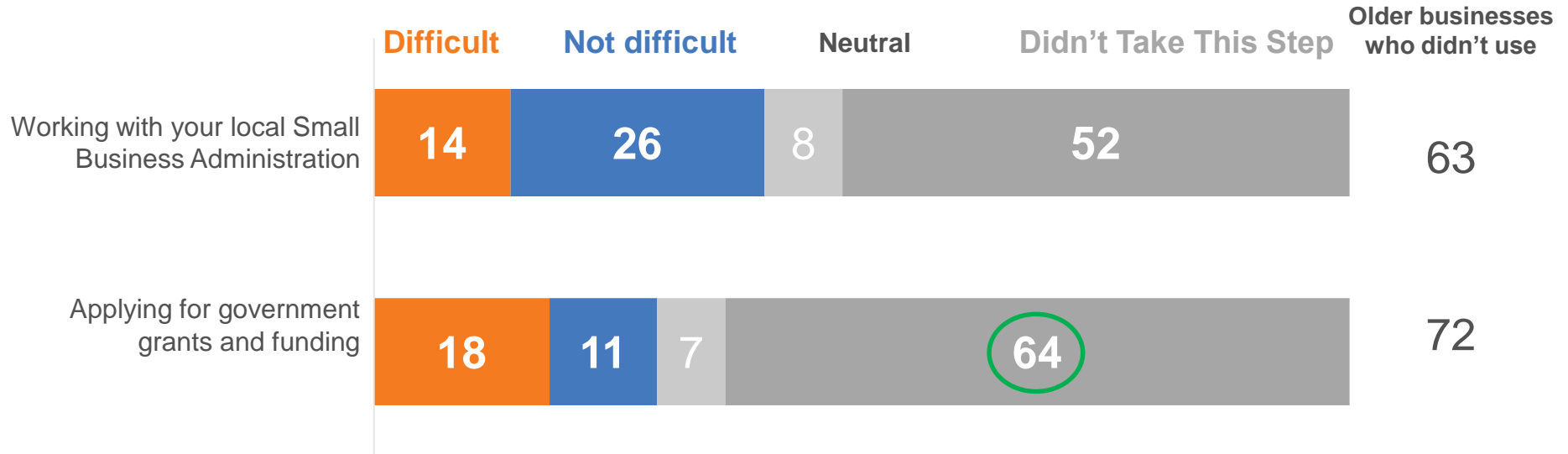


Do you agree or disagree with the following statement?: The government promotes policies that support business owners.



Yet, the majority of businesses don't bother using government services available to them suggesting these resources aren't what they need

Please rate how difficult it was for you, personally, to do each of the following. [Startups]



Government can better support entrepreneurs by focusing broadly on creating a business-friendly environment

Which statement do you agree with more?

The government should support businesses by promoting a business-friendly environment

The government should support businesses directly by providing them with grants or other funding

Startups
0-5 Years

51

49

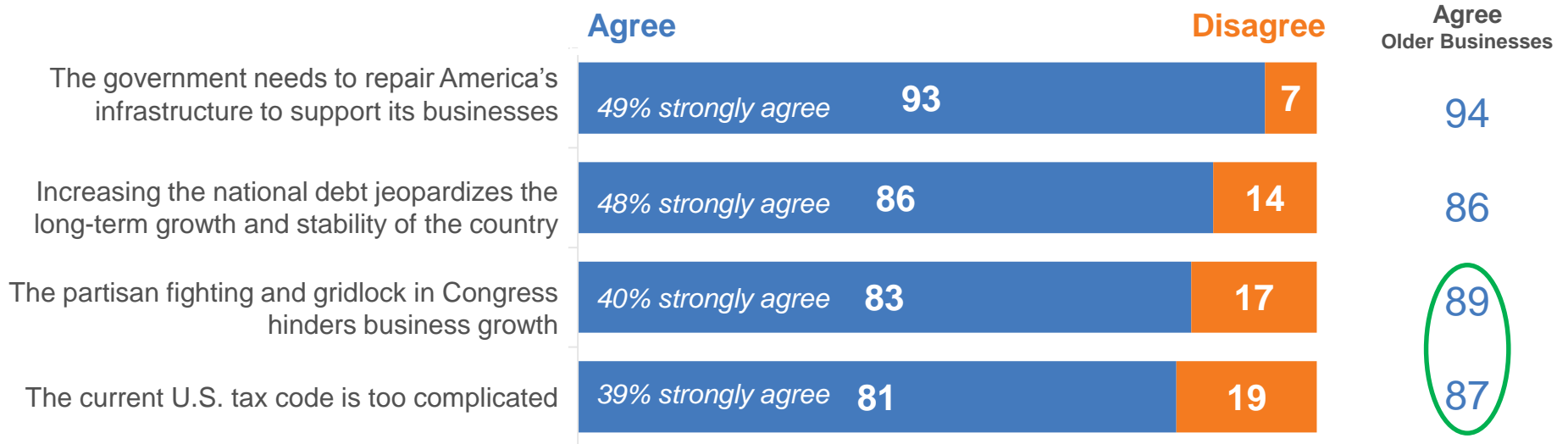
Older Businesses
5+ Years

67

33

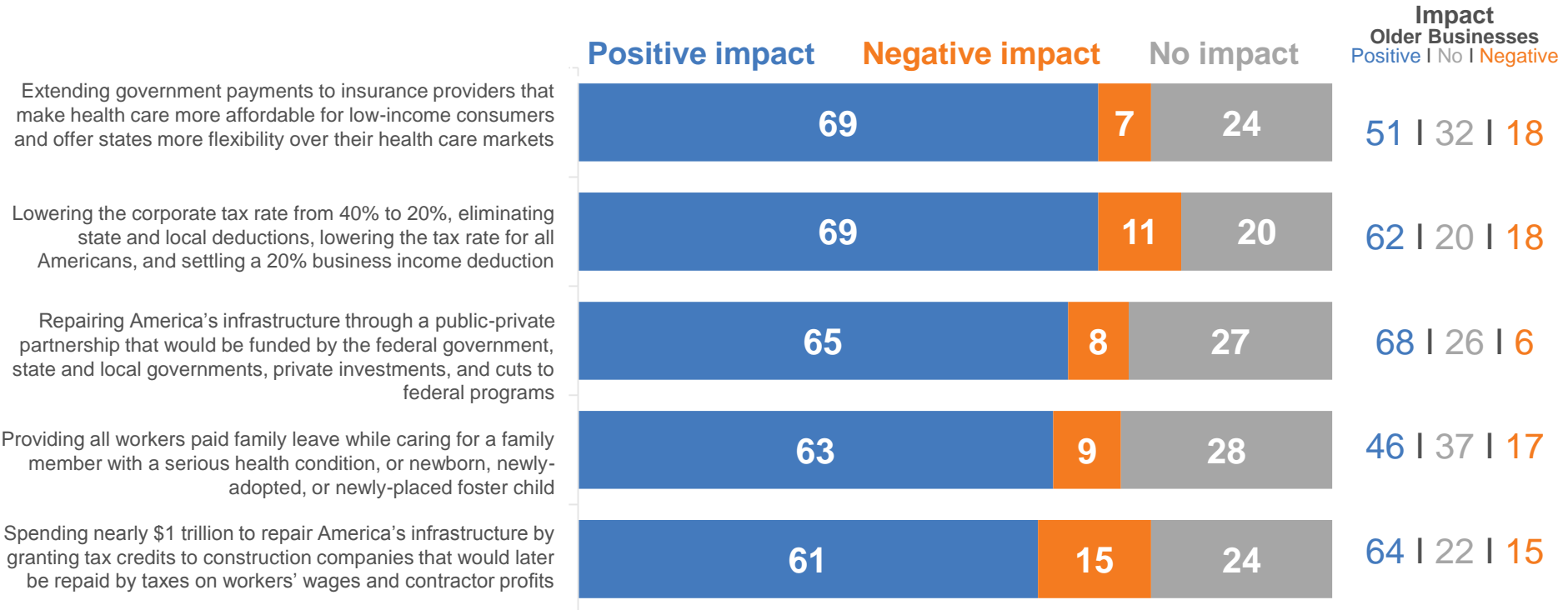
They can begin to promote a business-friendly environment by making changes to support long-term business growth

For each of the following statements, please indicate if you personally agree or disagree. [Startups]



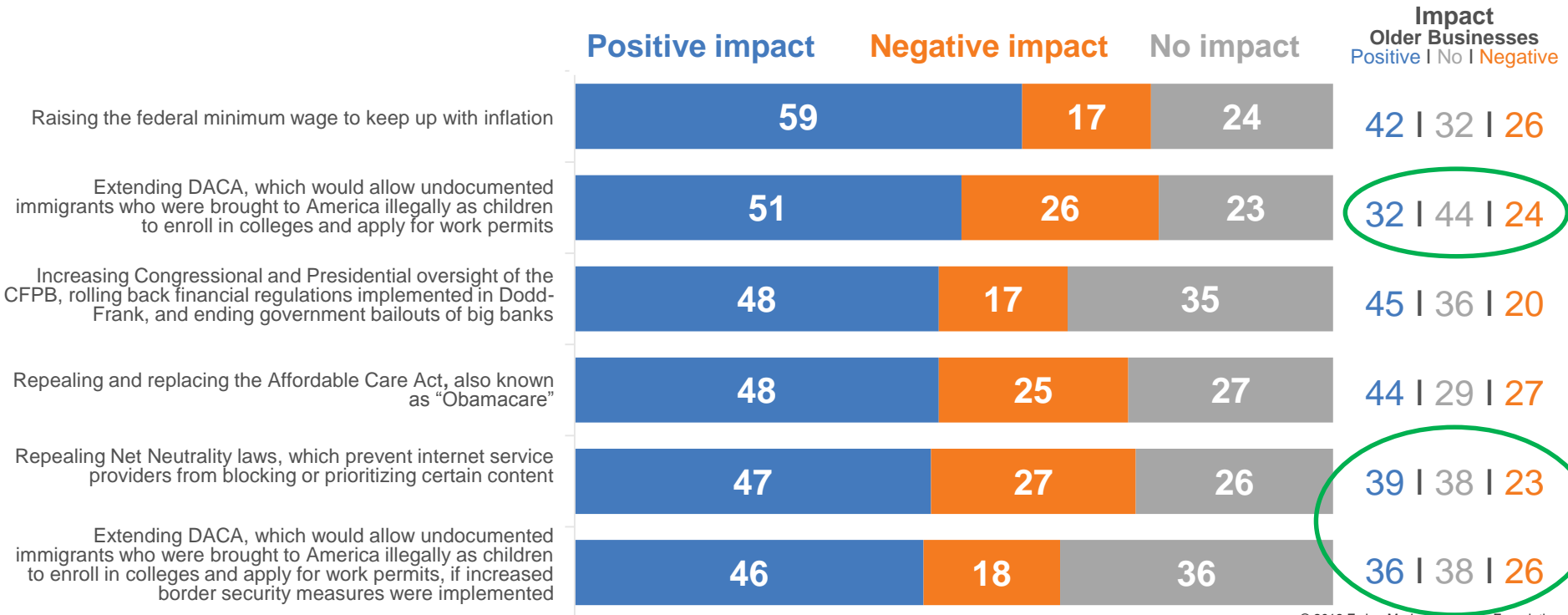
Many entrepreneurs also feel that upcoming policy changes such as the tax plan will have a positive impact on their businesses

Please review each of the following policies and indicate if it would have a positive, negative, or no impact on your business. [Startups]



However there are mixed reactions to the ongoing debates around extending DACA, repealing the ACA, and repealing net neutrality

Please review each of the following policies and indicate if it would have a positive, negative, or no impact on your business. [Startups]



More survey results to be released soon. Be the first in line to get the results by signing up at:

[Kauffman.org/stay-connected](https://kauffman.org/stay-connected)