

Millennials: The Next Generation of Small Business Owners

A deep dive into the minds of millennial small business owners in order to better understand what their biggest motivators and most common challenges are when it comes to running a business.



Beautiful accounting software

A new generation with a new take on small business ownership

The millennial generation was raised during the recession. They witnessed their parents and relatives lose jobs and struggle financially. Now, this generation is entering into a competitive workforce and face an economy that is still trying to recover. With limited job prospects and many saddled with student loan debt, thousands of young people have chosen to sidestep the traditional path to ‘success’ by starting their own businesses – many going on to found some of today’s most influential companies. And while not every millennial-founded company will be the next Facebook or Twitter, this generation does own a decent-sized slice of the small business ownership pie.

We wanted to better understand what makes millennials who own small businesses tick. What keeps them up at night? What motivates them to keep going? What are their goals for the future? We polled more than 1,200 current and former owners of U.S. businesses, ranging in age from 18 to over 30, to answer these questions. The results are outlined in this report and provide insight and analysis into the biggest drivers for millennial entrepreneurs as compared to their older counterparts.

They want to be their own boss.

Millennials had a front row seat to the epic fail that was the economy back in 2008. During the financial crisis, it quickly became clear that even the most dedicated of employees could be disposed of, and this has carried over into the way millennials view the corporate world today. **Fifty-two percent of millennials said being their own boss was one of the biggest motivators for starting their own business.** Rather than working at a job for 20 or more years doing something they have no real passion for, more millennials are choosing to take the road less traveled.



They refuse to ‘live to work.’

Work-life balance remains a hot topic that is widely covered in the media. It’s also no secret that millennials have changed the definition of the term. Flexible work environments and a healthy balance between personal and professional worlds is how **79 percent** of millennials measure the success of their businesses. Being able to maintain a schedule that allows them to travel and **pursue personal interests** is the second most important benchmark of a successful business for 67 percent of millennials.



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Millennials see the value in technology and are willing to try almost anything if it will make their lives easier. Accountants and bookkeepers with modern, cloud-based practices are winning big with this generation because they’re meeting them where they are.

JEFF PHILLIPS

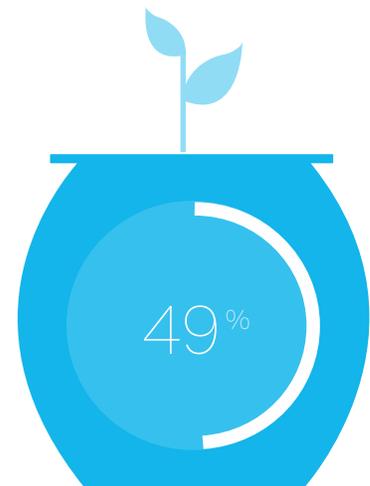
Chief Executive Officer of [Accountingfly](#)

They are cautiously optimistic about the future.

Even with a declining unemployment rate, **49 percent of millennials remain cautiously optimistic about their company's growth.** And there's still plenty to be optimistic about:

- Fifty-seven percent report having a loyal customer base
- Another 57 percent report increasing revenue
- Profits are up for 31 percent
- Forty-six percent are ramping up their marketing efforts

Millennials fear rising costs will be what cause them to have to close their doors, as cited by 43 percent of respondents.



Millennials on their company's growth: cautiously optimistic

They are aggressive about growth.

Even a cautious outlook on the future isn't holding millennials back from aggressively growing their businesses. **For 73 percent of millennials, growing their customer base was their number one priority in 2016.** And they plan to do this by investing in customer-facing technology like customer support and apps (39 percent). Investing in employee-facing or back-end applications is also a priority for 38 percent of millennials.

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I never wanted to go the 'traditional route.' I can't imagine being stuck sitting at a desk every day from 8 to 5, just working for a paycheck. I want to be doing a job where I make a real difference – something I can be passionate about.

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BLAKE OLIVER

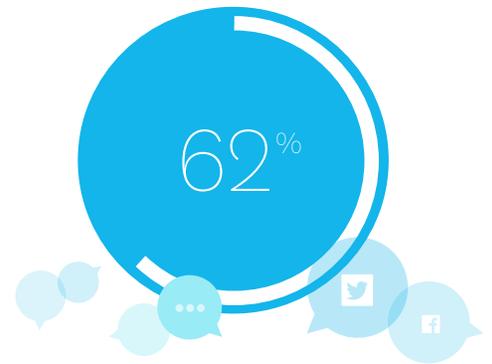
Freelance accountant and Xero ambassador

They are building businesses in the cloud.

Not that long ago, getting a business up and running on suitable software was time consuming and costly. But with the rise in availability of cloud-based applications, businesses can get new software going in no time. As a generation that grew up using the internet, it's not that surprising that millennials are the ones with the highest percentage of their businesses running entirely in the cloud – **more than one-third of millennials run the majority of business functions in the cloud** compared to only one-fifth of baby boomers. There's still a huge amount of whitespace in the cloud market for small businesses.

They are leaders in social media.

Social media is another channel that didn't exist 20 years ago, so millennials have the upper hand in understanding how to use social networks to engage with their potential and current customers. **For 62 percent, social media is the channel of choice for one-to-one communications with customers.** Millennials understand that in today's world, you need to meet your customers where they are and given that 78 percent of the U.S. population ([Statista](#)) has at least one social media profile, it's a channel that can't be ignored.



Millennials on 1-1 customer comms: social media is their channel of choice

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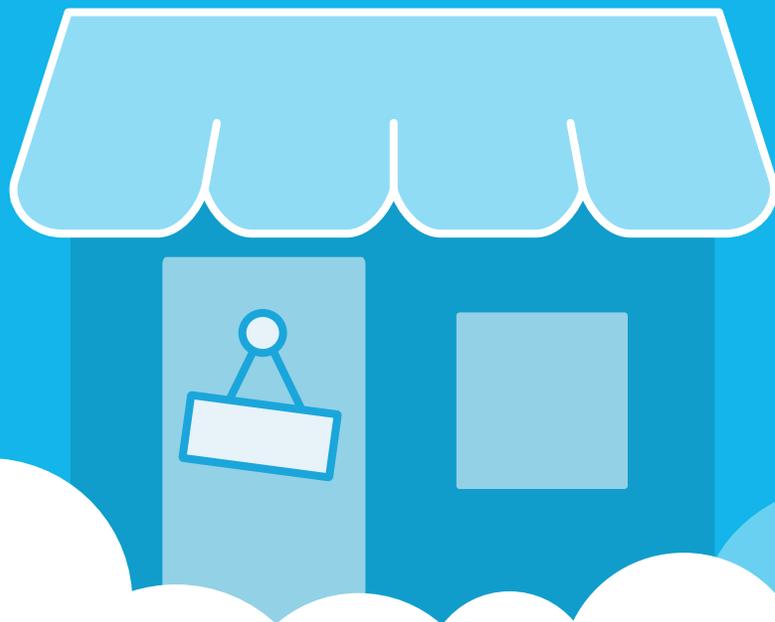
This a generation of creators and doers that refuse to be chained to their desks, and I think this is what makes the future of accounting and small business ownership all the more exciting.

AMY VETTER

Global Vice President of Education and U.S. Head of Accounting at Xero

So how can accountants and bookkeepers best reach millennial small business owners?

1. Meet them where they are, whether it's on Facebook, Twitter, LinkedIn, Instagram or elsewhere.
2. Don't forget that work-life balance is key. Make sure to emphasize how your services can make their lives easier so they can go do whatever it is that they love to do outside of the office.
3. Understand what is motivating them towards financial success. Remember that for millennials it's not all about the dollar amount in the bank account.





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