MEDIA RELEASE

Forget lazy and entitled: New research shows millennials the fastest-growing small business operators in Australia

Small business owners under 35 are ready to expand their business and grow revenue but want strong advice from experts

29 October 2019, Melbourne — Millennials now run more than a third of Australia’s small businesses, and they’re ready to expand, big time. New research by Xero, the global small business platform, has revealed millennials — those under 35 — as the fastest growing segment of small business ownership and many have major plans to grow their businesses and hire new staff.

The research, of 1226 small businesses across the country, found millennial owners are more ambitious than their forebears when it comes to growing their operations. Key takeaways include:

- **Millennial business owners are keen to succeed** — 30% are keen to expand their business into new areas and markets, compared to 22% of older business owners while 15% of millennials want to maintain their current level of operations
- **Money is important** — 34% of millennial small business owners see business success as making more money but just 7% of owners plan to sell their business soon
- **They want to own their business to relieve stress** — 21% of millennial small business owners see the ability to take more vacations as a key measure of business success, while 17% say they want to be less stressed

Yet millennial small business owners are also more demanding than other generations when it comes to the level of advice and contact from their accountant or bookkeeper. When asked to score their accountant or bookkeeper, Australian small businesses as a whole gave an average industry Net Promoter Score of -4.1 (on a scale of -100 to 100). Millennial business owners, however, gave their advisors a much lower average Net Promoter Score of -31.2.

More than a third of all small business owners, and 56% of millennials, said they were actively looking for a new advisor. Much of the disappointment in service was due to the lack of contact or poor level of service they received from their advisor — 49% of millennial recipients for the research said they were contacted less than twice a year by their accountant or bookkeepers and almost half of them said they rarely, if ever, receive insights from their advisor.

Those disappointed with their existing advisor called out regular contact as a pain point, with those who are/were in monthly contact with their accountant or bookkeeper rating them far higher.

“Millennials are quickly becoming the biggest contributors to the small business economy in Australia and they’re quickly dispelling the myths that often follow them — they are ambitious and ready to take on the world,” said Rachael Powell, Chief Customer Officer at Xero.
“Every business needs strong advisors to ensure they stay on track and have the right ingredients to grow and thrive. In our research we saw a massive opportunity for accountants and bookkeepers to take up the challenge and ensure they’re giving this new generation of small businesses what they need — regular contact, incisive insight and the ability to go beyond the numbers to the issues that matter most to owners. Practices who get this right will not only have happier clients but greater opportunities to grow their own business.”

With advisors deriving more than 80% of all new clients from word-of-mouth referrals, customer satisfaction is very important to the continued growth of accounting and bookkeeping practices. Xero recently launched a pilot for an industry-first customer feedback tool giving advisors an easy way to privately collect feedback and enabling them to use the insights to build on their strengths and improve any weaknesses.

For advisors taking part in the pilot program, the new tool will survey their clients, collecting industry-standard information to help practices better understand their customer advocacy. Xero is also working to better equip and educate the industry to uplevel their service standards.

Xero’s research found those with more old-fashioned accounting methods were more dissatisfied with their advisor. Those continuing to use the old ‘shoebox full of receipts’ method rate their advisor extremely low at -51 NPS. This compared to +18 NPS overall for those small businesses using cloud accounting with their advisor.

The research, part of the Pacesetters series of books exploring accounting best practices from around the world, is derived from comprehensive research and case studies of Xero partners.

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About Xero
Born in the cloud, Xero is a beautiful, easy-to-use platform for small businesses and their advisors around the world. Xero provides its 1.8 million subscribers with connections to a thriving ecosystem of 800+ third-party apps and 200+ connections to banks and financial service providers. On the inaugural 2018 Financial Times FT1000 High-Growth Companies Asia Pacific list, Xero was the fastest growing tech company in the $200 million+ segment. Xero won ‘Bookkeeping software of the year’ from the Institute of Certified Bookkeepers UK in 2018, and was rated by Canstar Blue as the best accounting software in Australia from 2015-2018 and in New Zealand in 2019.

About the research
The research was conducted by Opinion Matters on behalf of Xero, with a sample of 1,000-1,500 small businesses surveyed in AU, UK and US in November 2018 and in NZ in May 2019. The relevant subset of that sample was used for the young business owners reports. An online quantitative survey was used for data collection. Opinion Matters abide by and employ members of the Market Research Society which is based on the ESOMAR principles.