Global Media Release

Entrepreneurial and ambitious: Millennials lead 38% of UK small businesses

- New data from Xero reveals under-35s are start businesses early in life, balancing business growth and lifestyle
- Over 80% of millennial business owners confident in reaching their 2020 goals despite Brexit
- 39% of millennial business owners actively looking to replace their advisor

Thursday 14 November 2019, London – Despite stereotypes of laziness and entitlement, millennials are entrepreneurial and ambitious — and they’re running the UK small business economy. New research by Xero, the global small business platform, has revealed that 38% of UK small business owners are under 35 and nearly half (44%) of all accounting and booking services provided to the small business market last year were provided to this age group.

The research, of more than 1500 small businesses across the United Kingdom, found millennial business owners founded their small businesses at age 22 on average, far younger than the 35 years of Generation X.

Key takeaways include:
- Millennials enjoy running their businesses but have different ideas about what defines success. Success is about making more money (for 46% of millennial business owners surveyed), hiring more employees (28%) and expanding the company into new areas or markets (16%)
● Quality of life is also important — taking more holidays and being less stressed was a measure of success for 30% and 19%, respectively. Just 2% see selling their business as their goal for 2020.

● 83% are confident of reaching their goals, even with the current market uncertainty around Brexit.

Desire more service from their accountants and bookkeepers
The Xero research revealed millennial business owners are not satisfied with their existing accountants and bookkeepers, with more than 39% of owners actively looking to replace their existing advisor in the next year. Small business owners gave their accountants and bookkeepers an average Net Promoter Score (NPS) of -3.0; among millennial business owners, the number was much worse, with an NPS score of -8.8.

Much of this dissatisfaction is due to the lack of attention and advice they receive. For younger business owners, an advisor is someone who knows their business and is truly accessible. But 23% said they rarely, if ever, receive any ideas from their advisor. Only 6.5% of advisors in the UK regularly ask their clients for feedback.

“Millennial small business owners aren’t the future of the UK economy — they are operating it now. Advisors are undoubtedly the unsung heroes of small businesses across the UK but our research shows there are areas they can improve their client relationships, especially for younger small business owners.

“This generation has higher expectations than previous generations, and they’re looking for advisors to work collaboratively with them and provide insights behind the numbers and make recommendations that have a positive impact on their business. Accountants and bookkeepers who keep in regular contact with their customers are likely to have happier clients and greater opportunities to grow their own business.” – Rachael Powell, Chief Customer Officer at Xero.

With advisors deriving more than 80% of all new clients from word-of-mouth referrals, customer satisfaction is vital to the continued growth of accounting and bookkeeping practices. Xero recently launched 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 business owner happiness correlates strongly to their technology adoption. Those using spreadsheets and desktop accounting software were more likely to provide negative NPS for their advisors at -11.8 and -11.9, respectively, while those who used cloud accounting were much happier and more likely to recommend their advisor at +20.2.

To find out more about the research and view the report visit xero.com.

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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 2+ 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 ‘Accountancy Software Provider of the Year’ at the British Business Awards in 2019 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 between 1,000 and 1,500 small businesses surveyed in each of the United Kingdom and Canada in October 2019, New Zealand in May 2019 and Australia and the US in November 2018. 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.