

FranchiseInsights.com has reported Business Startup Sentiment Trends data with monthly surveys since January 2020. The Small Business **Startup Sentiment Index™** (SSI) is derived from a monthly survey of individuals who have recently inquired about businesses or franchises for sale on the digital assets of [FranchiseVentures](https://FranchiseVentures.com). This survey was conducted August 25-31, 2022.

September 7, 2022

Small Business Startup Sentiment Index™ (SSI)

With Fewer Prospective Business Buyers Seeing Conditions Improving in Three Months, ‘This Month’ Is Now the Most Popular Startup Time Frame

- 35% of aspiring business owners expect to start within the next month; 71.8% within the next 6 months

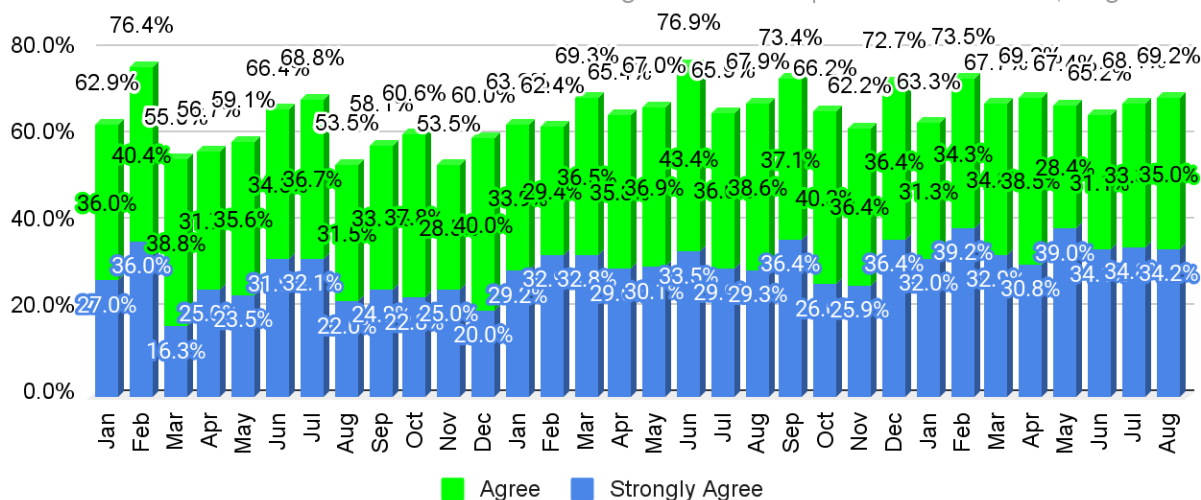
STARTUP SENTIMENT: NOW IS A GOOD TIME

A higher percentage of aspiring business owners are eager to get started in the coming month, while fewer see business conditions improving in three months. Nonetheless, 72.6% see conditions for business startups “the same or better in three months” and only 27.4% expecting conditions to worsen. In August, 56.4% of entrepreneurs planned their startups within the next three months, down from July’s record 61.7%. Currently, 69.2% of would-be entrepreneurs agree or strongly agree that “**now is a good time to start a business**”, approaching the recent high of 73.5% in February.

FranchiseInsights.com compiles monthly the **Small Business Startup Sentiment Index™** (SSI) of individuals who have recently inquired about businesses for sale.

Survey Respondents Agree Now Still a Good Time for Startup

Source: FranchiseInsights.com Startup Sentiment Index™, Aug 2022



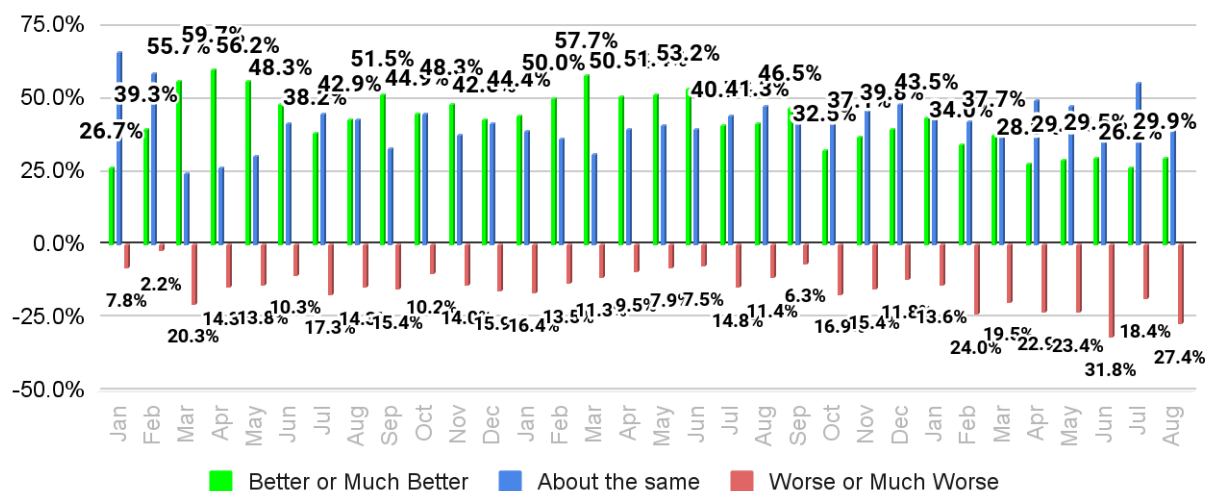
The survey was conducted August 25-31, 2022. This continuing entrepreneurial optimism parallels the ongoing [surge in new business applications](#) since September 2020 as reported by the US Census Bureau.. These relatively optimistic views on conditions for business startup stand in contrast with sharp drops in consumer sentiment in recent months (compared to post-pandemic highs in mid-2021) as seen in [The Conference Board's Survey of Consumer Confidence](#) and The University of Michigan Consumer Sentiment Surveys reported on the [St. Louis Federal Reserve's FRED site](#).

FUTURE BUSINESS CONDITIONS “MORE OF THE SAME”

Partly a reflection of the degree of confidence in **current** conditions, only 29.9% of respondents believe that in three months, conditions will be **“better or much better”** than now, compared to the 50-60% readings at the height of the pandemic. Only 18.4% see conditions **“worse or much worse”** in the same time frame. In total, **72.6% see conditions staying the same or getting better.**

Downtrend Seen In Business Conditions 'Better or Much Better' 3 Months From Now

Source: FranchiseInsights.com Startup Sentiment Index™ Aug 2022



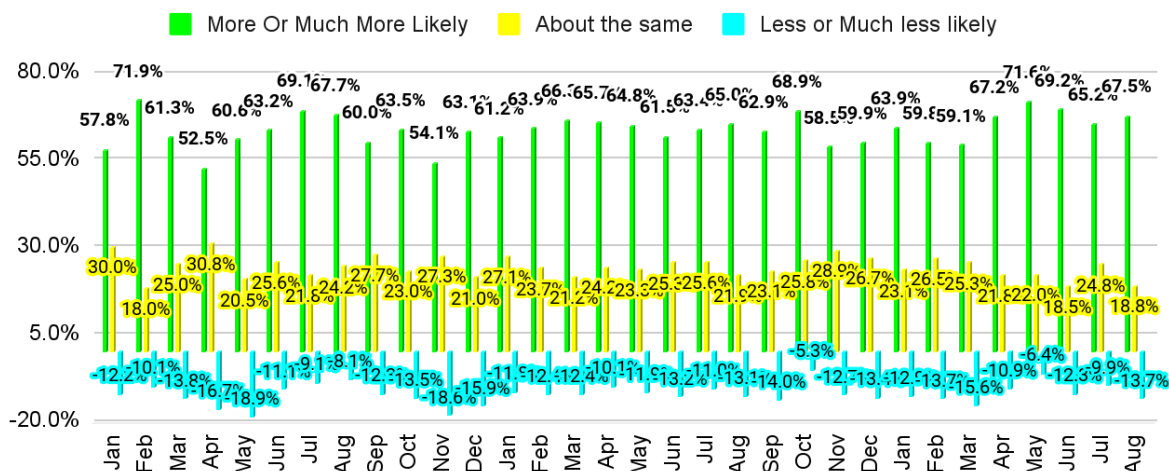
SENTIMENT IMPROVED FROM THREE MONTHS AGO

Despite headlines of war, inflation, and possible recession, respondents are more upbeat now about starting or buying their business than they were three months ago. In August, 67.5% of those responding indicated that they were **“more or much more likely to start a business now than three months ago.”**

The percentage of survey respondents who were **“less or much less likely to start a business than three months ago”** came in at only 13.7%, consistent with the 11.7% average over the prior 12 months.

How likely are you to start a business now compared to 3 months ago?

Source: FranchiseInsights.com Startup Sentiment Index™ Aug 2022



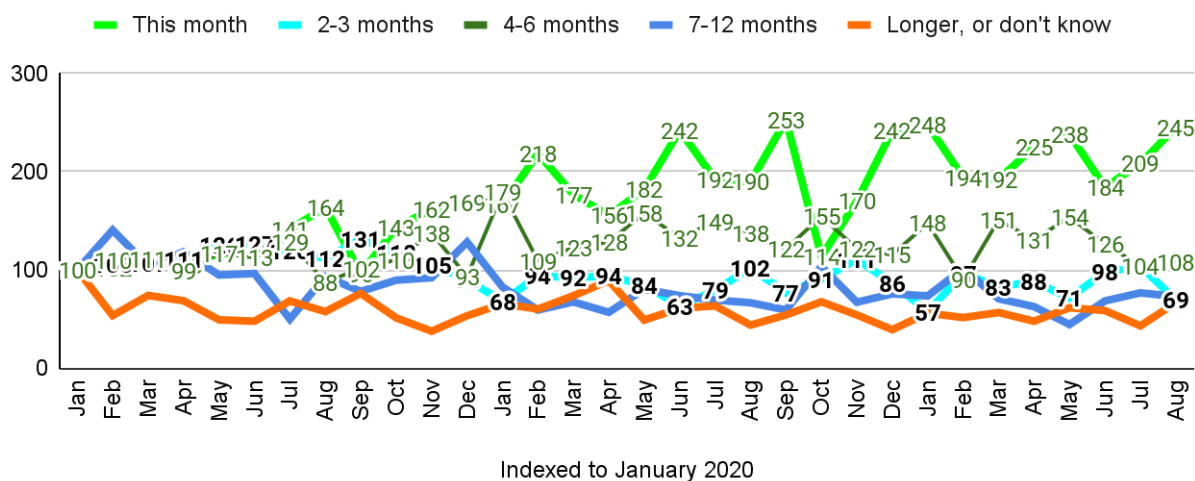
TIMING: 56.4% EXPECT STARTUP WITHIN NEXT 3 MONTHS

In August 2022, entrepreneurs expressing intent to start or buy **“this month”** rose to 245% of responses (more than doubled) as indexed to January 2020 prior to the pandemic. The index of aspiring business owners planning startups in the **“next 2-3 months”** slipped to 69.4%.

In August, 56.4% of respondents expressed **intent to start or buy their businesses** within the next three months. Startup intentions in the **“next four to six months”** were at 15.4%, bringing the total with intent to start within 6 months to 71.8%.

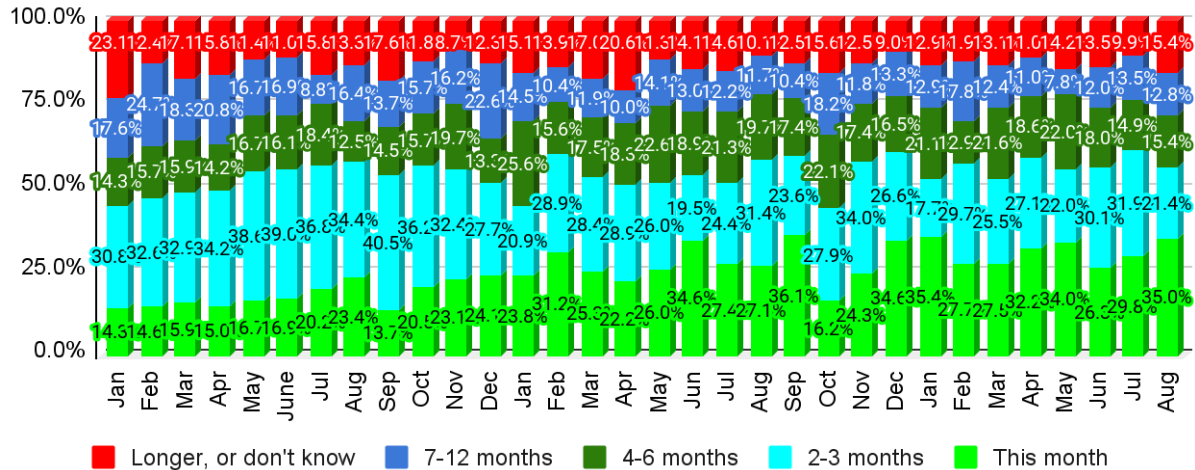
Startup Schedules Shift to Within Three Months

Source: FranchiseInsights.com Startup Sentiment Index™ Aug 2022



Most Popular Startup Timeframe is "This Month"

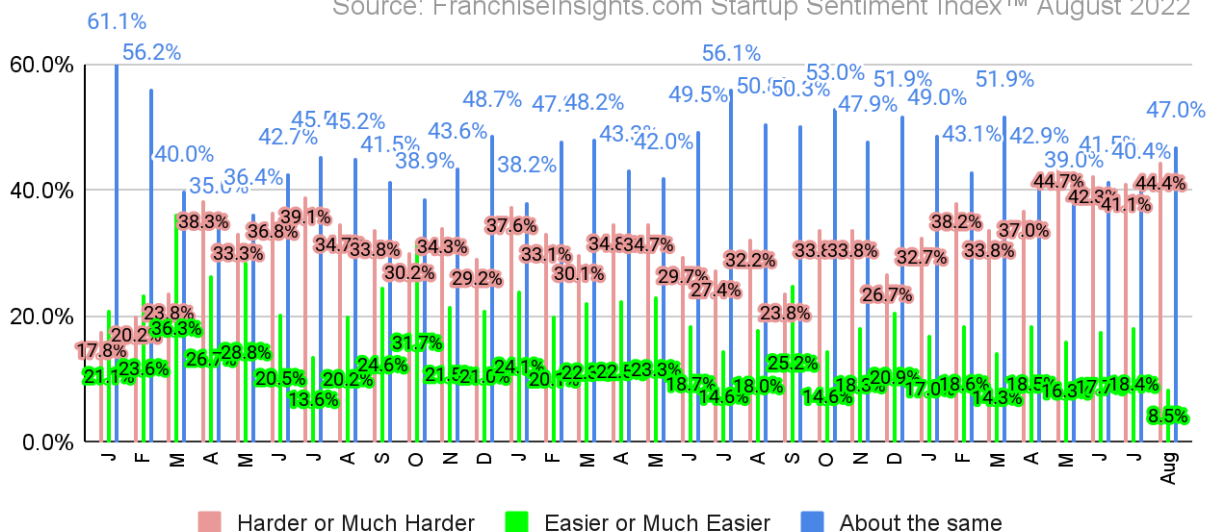
Source: FranchiseInsights.com Startup Sentiment Index™ Aug 2022



CONCERNS OVER FUNDING STILL PARAMOUNT

44.4% See Funding Harder or Much Harder Over the Next 3 Months

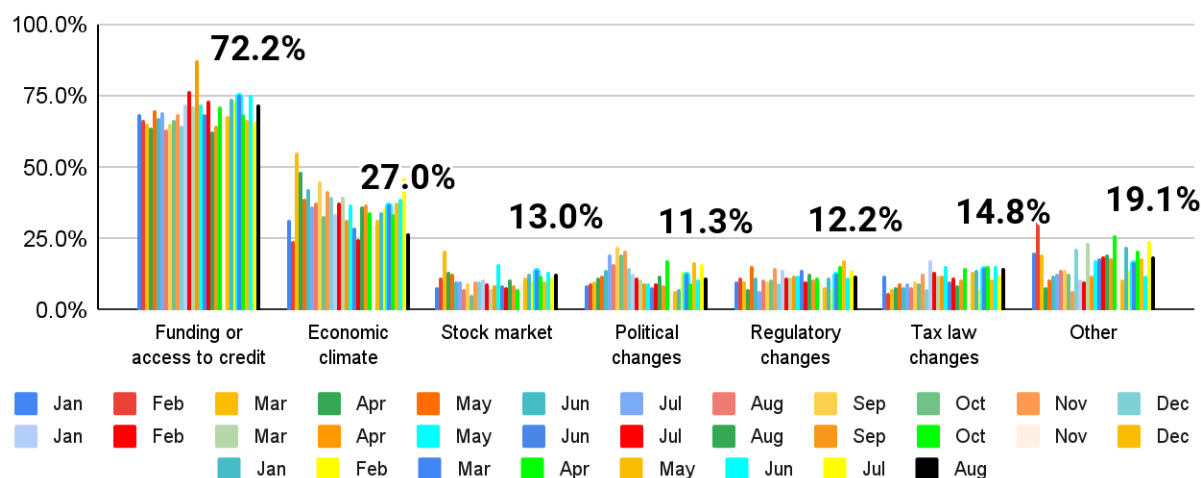
Source: FranchiseInsights.com Startup Sentiment Index™ August 2022



While access to funding remains a primary startup issue, prospective business owners have shown somewhat consistent concern about availability of startup financing in recent months, with 44.4% seeing it getting **“harder or much harder”** three months from now. About 47% see access to funding in three months being **“about the same”** and a record low 8.5% see it getting **“easier or much easier”** with all the news about increasing interest rates and a potential economic slowdown..

72.2% Say Funding or Access to Credit the Biggest Factor

Source: FranchiseInsights.com Startup Sentiment Index™ Aug 2022



Despite other factors returning slowly to the foreground over the last several months, still over two thirds (72.2%) of prospective business buyers cited **“funding or access to credit”** as the factor having the biggest impact on their decisions to buy or start a business, down significantly from the high seen in April 2021 at 87.6%. Beyond the funding concern, **“economic climate”** is next highest – though it dropped in August to 27%, approaching the 24.7% reading in July 2021.

Despite the multi-month decline in stock market averages through the survey period in August, only 13% of entrepreneurs cited the stock market as having a significant impact on their business startup plans. A guess is that more of their assets are in home equity and ready sources of cash as opposed to equities.

ONGOING PANDEMIC DRIVES BUSINESS PREFERENCES

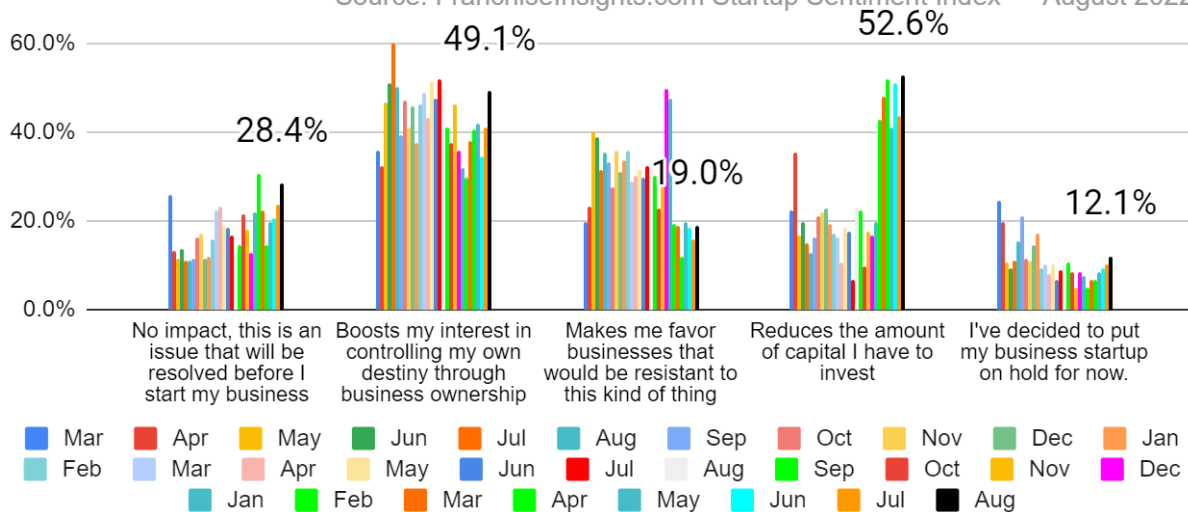
For more than two years, when asked how Covid-19 had affected their interest in starting a business or opening a franchise, respondents to the [FranchiseInsights.com](https://franchiseinsights.com) Small Business Startup Sentiment Index™ most often cited the desire for **“controlling my own destiny through business ownership.”** That sentiment has returned to 49.1%, even though concerns about the pandemic have receded.

A few months into the pandemic, more respondents began indicating a preference for **“businesses that would be resistant”** to shocks like Covid-19. This sentiment stood at 19% in June after reaching an all-time low in April 12.1% of respondents, significantly down from the spikes in December 2021 and January 2022 during the Omicron surge. The effectiveness of vaccines and the decreasing deaths are clearly factors in recent monthly polls.

The percentage putting their plans on hold in July at 12.1% increased slightly over the lows of recent months. Those indicating that **“this is an issue that will be resolved before starting”** their businesses grew further to 28.4%.

How does Covid-19 affect your interest in business ownership?

Source: FranchiseInsights.com Startup Sentiment Index™ August 2022



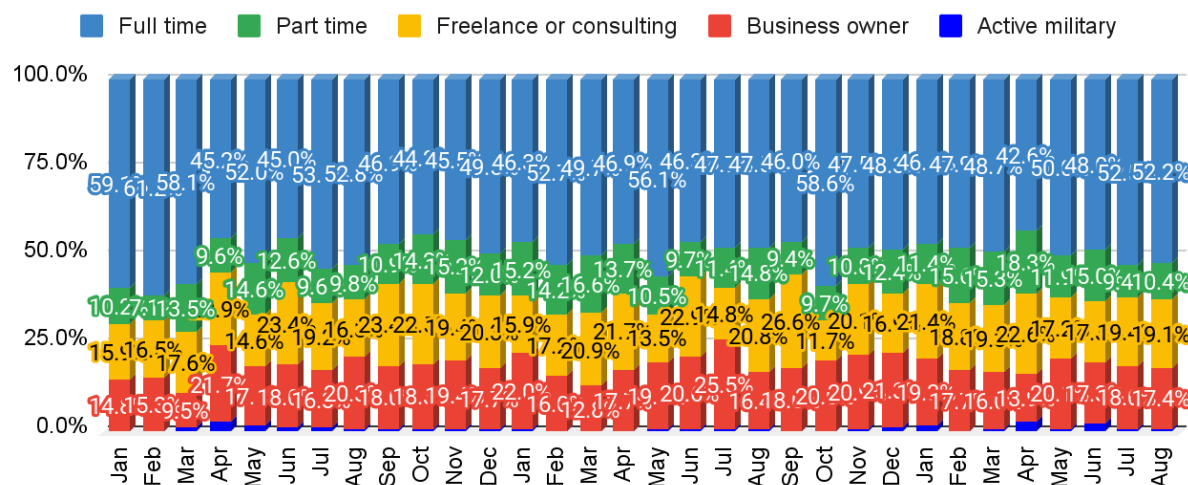
GEN-X AND GEN-Y REMAIN THE LARGEST STARTUP AGE COHORTS

Of the survey respondents, 52.2% are currently employed full-time, down from the recent high of 58.6% seen in October 2021. Current business owners made up 17.4% of respondents in August 2022, suggesting a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners stand at 69.6%, just under the 70.5% seen in July 2022.

About 19.1% of respondents were working as freelancers or consultants, and less than 1% of the aspiring entrepreneurs in the survey were on active military duty.

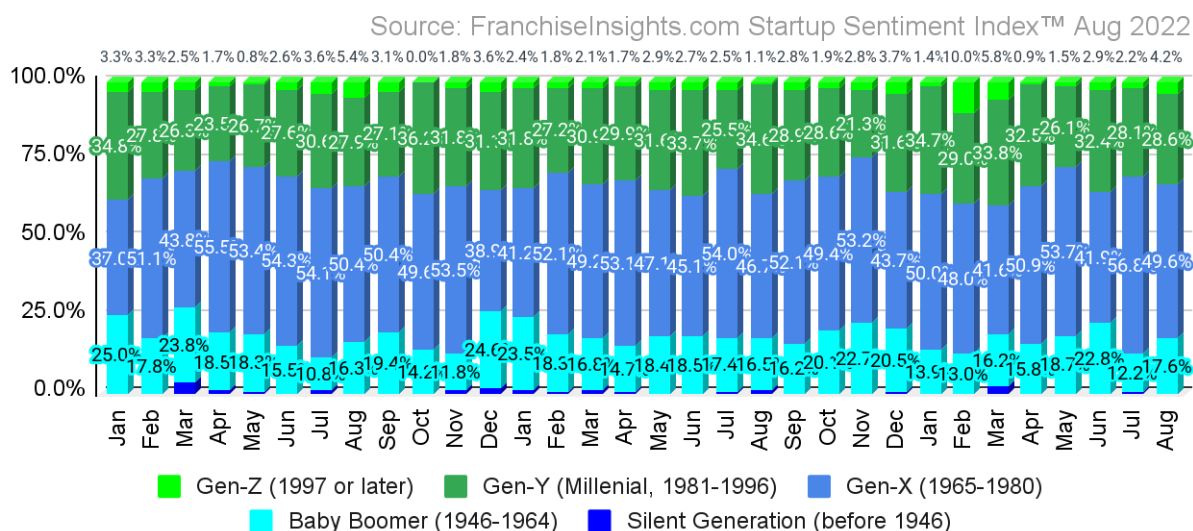
52.5% of Aspiring Owners Say They Are Leaving a Full Time Job

Source: FranchiseInsights.com Startup Sentiment Index™ Aug 2022



Gen-X (49.6%) and Millennials (28.6%) accounted for the highest percentages of survey respondents, and Baby Boomers comprised 17.6%. This month, Gen-Z grew to 4.2%, versus the 10% peak seen in February 2022. For the next several years, [millennials and Gen-X will drive business startups as they reach peak business startup ages](#) and Boomers age out of the workplace.

Gen-X and Gen-Y Lead Age Cohorts Among Respondents



See also a complete profile of the [generational demographics of aspiring business buyers](#) from a large demographic sample spanning 2018-2021. Further, analysis of [gender demographics of business buyers shows women making up an increasing percentage](#) of aspiring business owners, particularly in the post-Boomer age cohorts.

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[FranchiseVentures](#) is the leading demand- and lead-generation platform for potential franchisees to thousands of growing franchise systems in the United States and Canada. Its franchise directory brands include [Franchise.com](#), [Franchise Solutions](#), [Franchise Gator](#), [Franchise Opportunities](#), [Franchise For Sale](#), [SmallBusinessStartup.com](#) and [BusinessBroker.net](#), and together they provide the largest aggregation of prospective franchise buyers in the U.S.

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