FranchisInsights.com has reported Business Startup Sentiment Trends data with monthly surveys since January 2020. The Small Business Startup Sentiment Index™ is derived from a monthly survey of individuals who have recently inquired about businesses or franchises for sale on the digital assets of FranchiseVentures. This survey was conducted December 21-31, 2022.

Norfolk, Virginia – Released January 4, 2023
Small Business Startup Sentiment Index™ (SSI)

Despite Worsening Conditions, Record Share of Entrepreneurs See Startups Within 2023
- A record 91.4% see starting within 2023
- Funding seen as biggest decision factor as pandemic recedes from worries

STARTUP SENTIMENT REBOUNDS: NOW STILL A GOOD TIME

A record high percentage (91.4%) of aspiring business owners are planning to launch their businesses within the next 12 months. Now 59.16% of aspiring business owners either agree or strongly agree that "now is a good time to start a business", recovering from the prior month, but down from the high of 73.5% as recently as February, 2022. FranchisInsights.com compiles monthly the Small Business Startup Sentiment Index™ (SSI) of individuals who have recently inquired about businesses for sale. While 28% see business conditions deteriorating in three months, 72% still see conditions for business startups “the same or better in three months.” In December, 51.6% of entrepreneurs planned their startups within the next three months, closer to August's recent high of 69.2%.

More Respondents Agree Now Still a Good Time for Startup

The survey was conducted December 21-31, 2022. The continuing trend in 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 declining trends in consumer sentiment in the last several months 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 website.

**FUTURE CONDITIONS “MORE OF THE SAME” – OR WORSE?**

Despite the downward trend in optimism about future business conditions, in December 72% still see conditions no worse – staying the same or getting better – in three months with 54.8% seeing them “about the same.”

Only 17.2% of respondents believe that in three months, conditions will be “better or much better” than now, down from the 50-60% readings at the height of the pandemic, and a record low for this measure. Another 28% see conditions “worse or much worse” in the same time frame.

**RESPONDENT SENTIMENT MUCH BETTER THAN 3 MONTHS AGO**

Despite continuing headlines of war, inflation, soaring interest rates and a likely recession, two thirds of respondents are more upbeat now about starting or buying their business than they were three months ago. In December, 66.7% of those responding indicated that they were “more or much more likely to start a business now than three months ago.” With 23.7% “about the same,” that means that 90.3% are as or more likely to launch their startups than they were 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 9.7%, down from the 12.2% average over the prior 12 months.
TIMING: A RECORD 91.4% EXPECT STARTUPS IN 2023

In December 2022, entrepreneurs expressing intent to start or buy “this month” dropped to 181% of responses (just under doubled) as indexed to January 2020 prior to the pandemic. The index of aspiring business owners planning startups in the “next 2-3 months” grew to 84%, but down from the January 2020 baseline. A record low 8.6% of respondents expect to delay startup for more than 12 months.

In December 51.6% of respondents expressed intent to start or buy their businesses within the next three months. This is up from October’s 47.3%, the lowest percentage since the Omicron wave in October a year ago. Startup intentions in the “next four to six months” are at 20.4%, bringing the total with intent to start within 6 months to 72%.

Uptick in Startup Timelines Within Next 12 Months

Source: Franchiselnsights.com Startup Sentiment Index™ Dec 2022

Indexed to January 2020
While access to funding remains a primary startup issue, prospective business owners are showing increasing concerns about availability of startup financing in recent months, with 46.2% seeing it getting “harder or much harder” three months from now. Now 43% see access to funding in three months being “about the same” and 10.8% see it getting “easier or much easier” despite all the news about increasing interest rates and a potential economic slowdown.
Despite other factors returning slowly to the foreground over the last several months, still two thirds (66.7%) 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, rebounding from 27% in August to 40.9% in December 2022.

Despite the overall decline in stock market indexes this year through the survey period in December, only 10.8% of entrepreneurs cited the stock market as having a significant impact on their business startup plans. A guess is that more of their business startup assets are in home equity and ready sources of cash than equities.

PANDEMIC FADES, BUT STILL IMPACTS BUSINESS PREFERENCES

For more than two years, when asked how the pandemic had affected their interest in starting a business or opening a franchise, respondents to the FranchisInsights.com Small Business Startup Sentiment Index™ most often cited the desire for “controlling my own destiny through business ownership.” That sentiment stands at 24.7%, even though the pandemic has receded from the news headlines.

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 23.7% in November after reaching an all-time low in April 2022 at 12.1% of respondents, significantly down from the spikes in December 2021 and January 2022 during the Omicron variant surges. The effectiveness of vaccines and the fading headlines about deaths are clearly factors in recent monthly polls.

The percentage putting their plans on hold in December at 5.4% was slightly up from September’s 3.9% record low. Those indicating that “this is an issue that will be resolved before starting” their businesses grew to 23.7%.
FULL-TIME WORKERS, GEN-X AND GEN-X DOMINATE

Of the survey respondents, 52.7% are currently employed full-time, down slightly from the high of 58.6% seen a year ago in October 2021. Current business owners made up 19.4% of respondents in December 2022, suggesting a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners stood at 72%, almost reaching the recent high of 78.6% seen in October 2021.

About 20.4% of respondents were working as freelancers or consultants, and this month 2.2% of the aspiring entrepreneurs in the survey were on active military duty.

58.1% of Aspiring Owners Say They Are Leaving a Full Time Job

Source: FranchiseInsights.com Startup Sentiment Index™ Dec 2022
Gen-X dominated with 50.5% of respondents, while Baby Boomers (20%) fell back to third place, as Millennials regained their number two position at 29.5% of respondents. This month, Gen-Z represented a negligible percent of respondents, down from 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 Leads Age Cohorts Among Business Owner Aspirants](image)

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.

The Small Business [Startup Sentiment Index™](#) is derived from a monthly survey of individuals who have recently inquired about businesses or franchises for sale on the digital assets of [FranchiseVentures](#).

[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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