FranchiseInsights.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 June 20-30, 2023.

Norfolk, Virginia – Released July 5, 2023

Small Business Startup Sentiment Index™ (SSI)

Entrepreneurs Increasingly Optimistic About Startup Conditions This Fall

- 59% of survey respondents are more likely to launch their startups than three months ago
- 82.1% see conditions for startup the same or better in three months

STARTUP SENTIMENT DIPS TO NOVEMBER LEVELS

In June 2023, 59% of entrepreneurs surveyed say they are “more likely to launch their startups than three months ago.” At the same time, 51.3% of survey respondents either agree or strongly agree that “now is a good time to start a business”, up slightly from April but below May’s 60.4% reading. FranchiseInsights.com compiles monthly the Small Business Startup Sentiment Index™ (SSI) of individuals who have recently inquired about businesses for sale. While 17.9% see business conditions deteriorating in three months, 82.1% see conditions for business startups “the same or better in three months.” In June 2023, 47.9% of entrepreneurs planned their startups within the next three months, and 69.2% within six months.

51.3% of Respondents Agree Now a Is Good Time for Startup

The survey was conducted June 20-30 2023. 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 sanguine views on conditions for business startup are consistent with improving consumer sentiment over the last several months as seen in The Conference Board’s Survey of Consumer Confidence and The University of Michigan Consumer Sentiment Surveys as seen on the St. Louis Federal Reserve’s FRED website, with both measures generally improving since June 2022.

**SENTIMENT ABOUT FUTURE CONDITIONS IMPROVING**

Reversing a multi-year downtrend in sentiment, *82.1% of respondents see conditions no worse – staying the same or getting better in three months*– with 54.7% seeing conditions “about the same.”

Now 27.4% 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 continuing the optimistic trend seen over the last four months. Conversely, only 17.9% see conditions “*worse or much worse*” in the same time frame.

**RESPONDENT SENTIMENT BETTER THAN 3 MONTHS AGO**

Despite ongoing headlines of war, inflation, higher interest rates, and a potential recession, most respondents are more upbeat now about starting or buying their business than they were three months ago. In June 2023, 59% of those responding indicated that they were “*more or much more likely to start a business now than three months ago.*” With 31.6% “*about the same,*” that means that 90.6% are as likely 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 9.4%, down from the 11.6% average over the most recent 12 months.
In June 2023, entrepreneurs expressing intent to start or buy “this month” indexed to January 2020 rose to 174% of responses (almost doubled). The index of aspiring business owners planning startups in the “next 2-3 months” dipped to 75%, some 25% down from the January 2020 reference point. Now 19.7% of respondents expect to time their startups for 12 or more months out.

This month, 47.9% of respondents expressed intent to start or buy their businesses within the next three months, above January’s record low of 41.6% and the previous record low reading of 44.2% during the height of the Omicron wave in October 2021. Startup intentions in the “next four to six months” are at 21.4%, bringing the total with intent to start within 6 months to 69.2% of respondents.
As access to funding remains a primary startup issue, prospective business owners are showing ongoing concerns about availability of startup financing in recent months, with 33.3% seeing it getting “harder or much harder” three months from now. Now 53.8% see access to funding in three months being “about the same” and 12.8% see it getting “easier or much easier” despite all the news about tightening credit and a potential economic slowdown.
With other factors returning slowly to the foreground over the last several months, 65.8% 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, but down significantly from the high seen in April 2021 at 87.6%. Beyond the funding concern, “economic climate” is next highest at 33.3%.

With recovering stock market indexes since October only 14.5% of entrepreneurs cited the stock market as having a significant impact on their business startup plans.

**PANDEMIC WORRIES FADE**

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 FranchiseInsights.com Small Business Startup Sentiment Index™ often said that it “boosts my interest in controlling my own destiny through business ownership.” That sentiment has fallen to 29.9% of respondents, near the record low set in May 2023, the same month that the US Government declared the Covid public health emergency over.

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 18.8%, up from a record low 11.1% in March, and significantly down from the spikes in December 2021 and January 2022 during the Omicron variant surges.

The percentage putting their plans on hold in June at 8.5% was up from the September 2022 3.9% record low. Conversely, those indicating that “this is an issue that will be resolved before starting” their businesses stood at 27.4%, continuing the uptrend.

The pandemic societal and business impacts and potential risks will no doubt be on the minds of consumers and aspiring business owners long into the future.
FULL-TIME WORKERS AND GEN-X DOMINATE

Of the survey respondents, 56.4% are currently employed full-time, down only slightly from the high of 58.6% seen in October 2021. Current business owners made up 12.0% of respondents in June 2023, suggesting a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners stood at 68.4%, but below the high of 78.6% seen in October 2021.

About 23.1% of respondents were working as freelancers or consultants, and this month less than 1% of the aspiring entrepreneurs in the survey were on active military duty.

56.4% of Aspiring Owners Leaving a Full Time Job; 12% are Biz Owners
Gen-X dominated with 49.6% of respondents, while Baby Boomers stayed in third place at 14.5%, and Millennials held the number two position at 31.6% of respondents. This month, Gen-Z was 3.4% of respondents, down from the 10% peak seen in February 2022, but near the 3.29% share of all respondents seen in 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.

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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