

**MILLENNIAL BUSINESS  
OWNERS:  
Optimism Abounds**

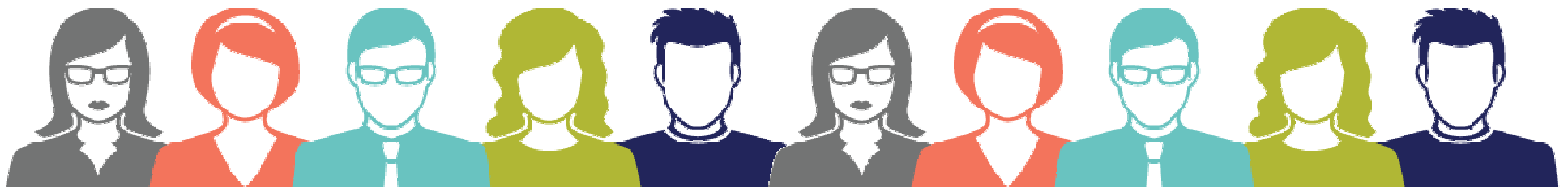
SMB  
Insights  
2015



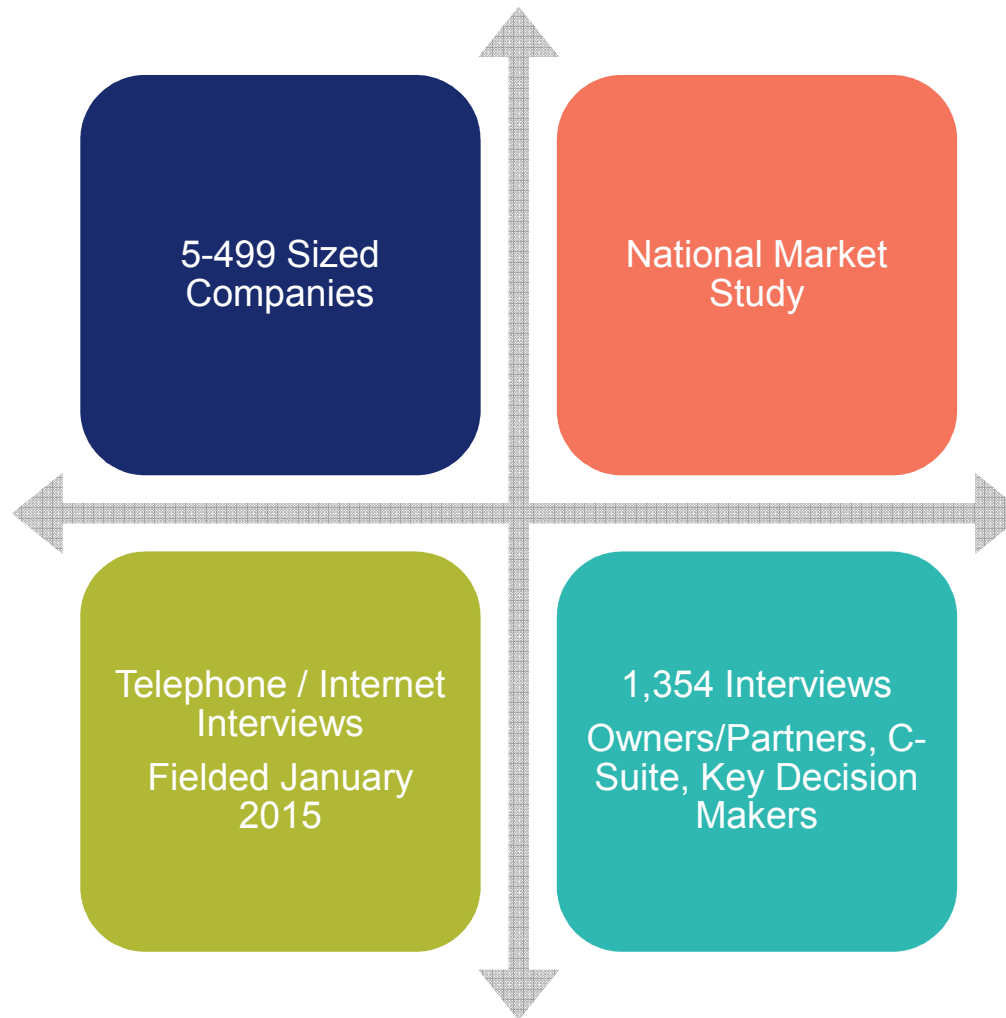
**THE BUSINESS  
JOURNALS**  
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# 2015 RESEARCH METHOD



## **MILLENNIAL SMBs: MULTICULTURAL, DIVERSE.**

Millennials grew up with the blurring of racial/sexual identities, non-segregated schools, more interracial marriages, gay rights, and cross-culture globalization via the Internet. Millennial SMBs are all-inclusive. Their ranks include more women owners, more minority owners. Even their leisure activities span diversity, from wine and gourmet food exploration to yoga and acupuncture. And it's best not to pigeonhole them into traditional roles and categories. Politically, half don't see themselves as either Republican or Democrat. They're more comfortable with 'independent' or simply 'none of these.'

## **OPTIMISM & CONFIDENCE ABOUND.**

Millennial SMBs are highly confident in themselves, the future of the U.S. economy, and the success of their own companies. They have already acquired considerably wealth, and nine out of ten are confident they will maintain their currently lifestyle throughout retirement. They aim to continue getting ahead on their own terms without forfeiting an acceptable work-life balance.

## **ENVIRONMENTAL CONCERNS = BUSINESS ACTIONS.**

Relative to their Boomer peers, Millennial SMBs have few worries ... except when it comes to the environment. Millennials, who are now starting to have children, are concerned about the environment and global warming. While the Boomer SMBs give greater lip service to their companies being 'green' conscious, the Millennials are actually doing something. Half (51%) have made a strong commitment to integrate sustainability into their business products & services.

## **LOCAL FOCUS WITH GLOBAL REACH.**

Millennial SMBs have a strong community focus and most generate sales locally. However, they are also generating sales nationally and internationally to a much greater extent than their Boomer peers. They work more with social media than Boomers (especially Twitter) and are more skilled at translating that presence into revenues. Their lead advertising vehicles are a mix of email marketing, local advertising and social media. Thus, the Internet, social media and community focus are all part of their successful local-global strategy.

## **AN ORGANIC UNDERSTANDING OF TECHNOLOGY.**

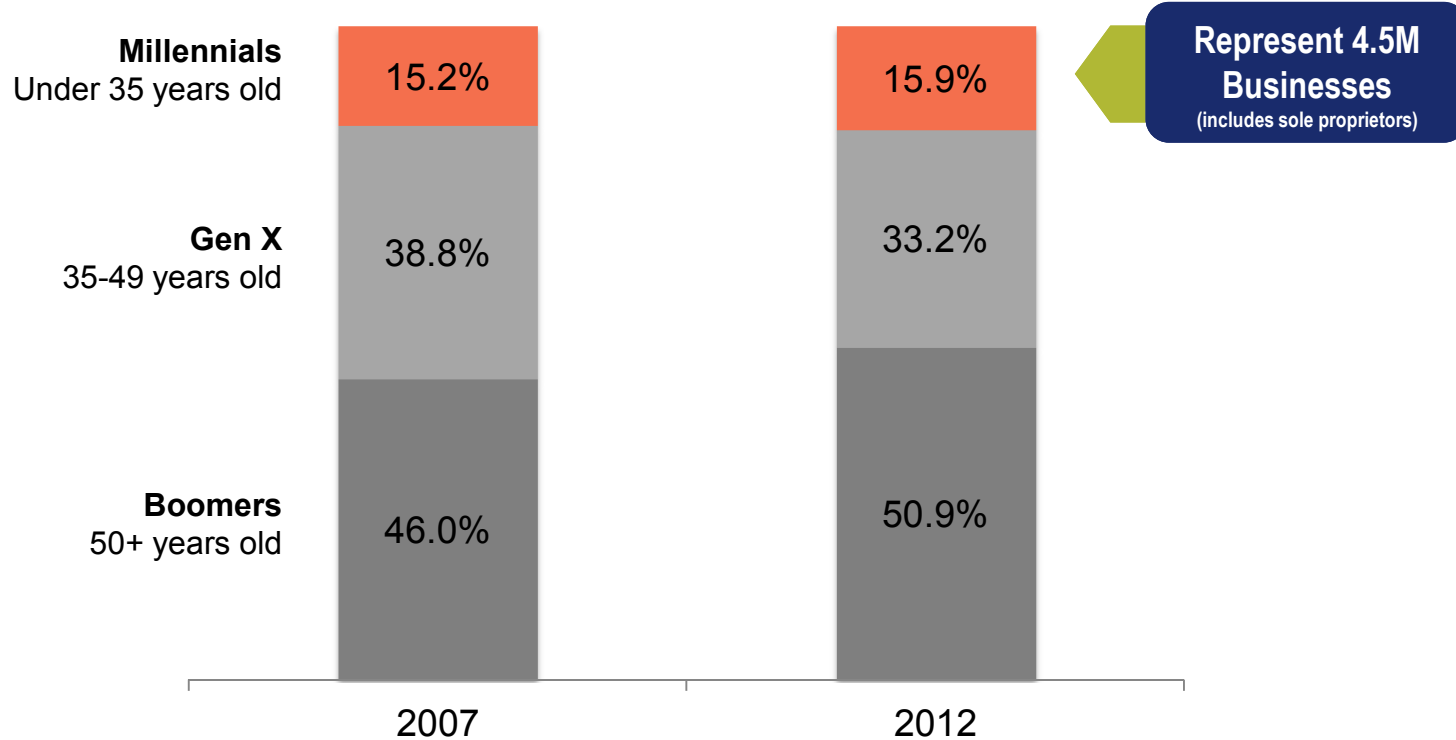
For Millennial SMBs, there has always been technology. It is a friend they grew up with. It is easy, convenient and entertaining. They're excited about its business applications. It helps organize their lives. Cloud computing may be the latest frontier, but they are already users, or on the cusp of getting it. Their business technology strategy tends to lean in. Critical factors for new technology investments are changes in how their customers are using technology, and keeping the business' technology up-to-date. Boomer SMBs, by contrast, are less inclined to take such initiatives and seem to have more of the adage 'if it's not broken, don't fix it.'

## **DIGITAL IS NOT 'PREFERRED;' IT'S A GIVEN.**

Millennial SMBs take in business news most frequently via mobile or electronic device, such as a computer, smartphone or tablet. Accessing news via these devices comprises 88% of their total intake time. The benefits of absorbing business news electronically are varied: it's fast, offers breadth of resources, and is highly convenient. Their digital proclivity does not stop there. According to the findings, six out of ten (60%) prefer shopping on-line versus in-store for their business (versus 48% of Boomers), over one-third (36%) make investment trades online (versus 21% of Boomers), and nearly half (46%) source new hires from online sources (versus 34% of Boomers).

The latest Census data indicate that Millennials account for 16% of business owners. Boomers, 50 years or older, still dominate.

### SIZING MILLENNIAL SMBs



Source: US Small Business Administration, Office of Advocacy, from US Census Bureau, Survey of Income and Program Participation (SIPP); Issue Brief #2, *Demographic Characteristics of Business Owners, 2012*. Note: Businesses with under 500 employees, includes sole proprietors.

# SMB Insights 2015

## MILLENNIAL SMBs: MULTICULTURAL, DIVERSE

# Millennial SMBs include more women and minorities; they live primarily in urban settings

## KEY DEMOGRAPHICS

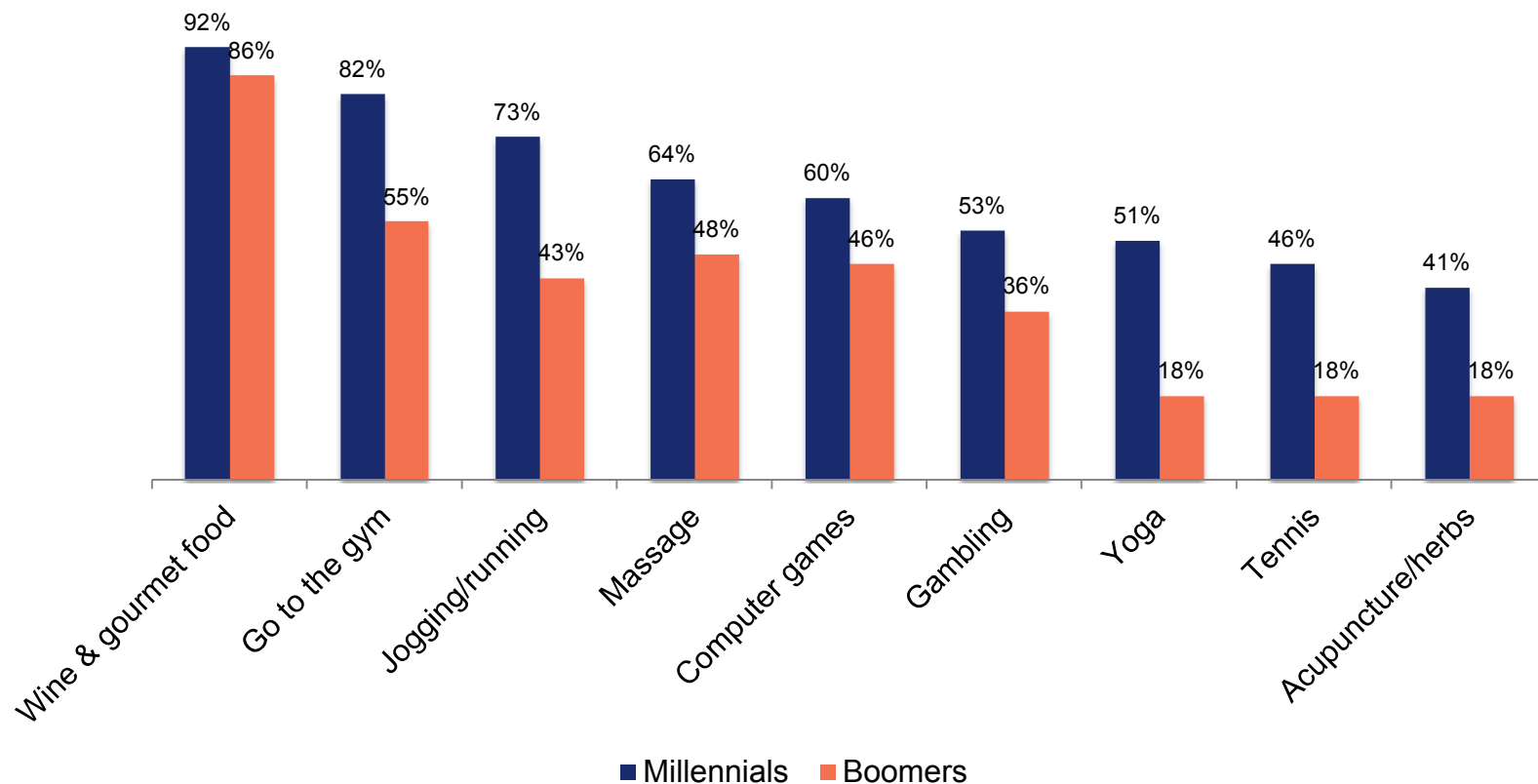
	Total SMB Owners	Millennials	Boomers
Men	68%	55%	70%
Women	32	<b>45</b>	25
Age (average)	49	30	60
Non-white	16%	<b>29%</b>	9%
Household Income (average)	\$178K	\$158K	\$188K
College grad+	68%	67%	71%
A/B Counties	77%	80%	77%
A Counties	46	<b>57</b>	45
Northeast	19	21	19
South	35	32	34
Midwest	23	22	23
West	23	25	24



# Millennial SMBs activities cross cultures ... they work out, jog, play games, do yoga and get acupuncture

## LIFESTYLE ACTIVITIES

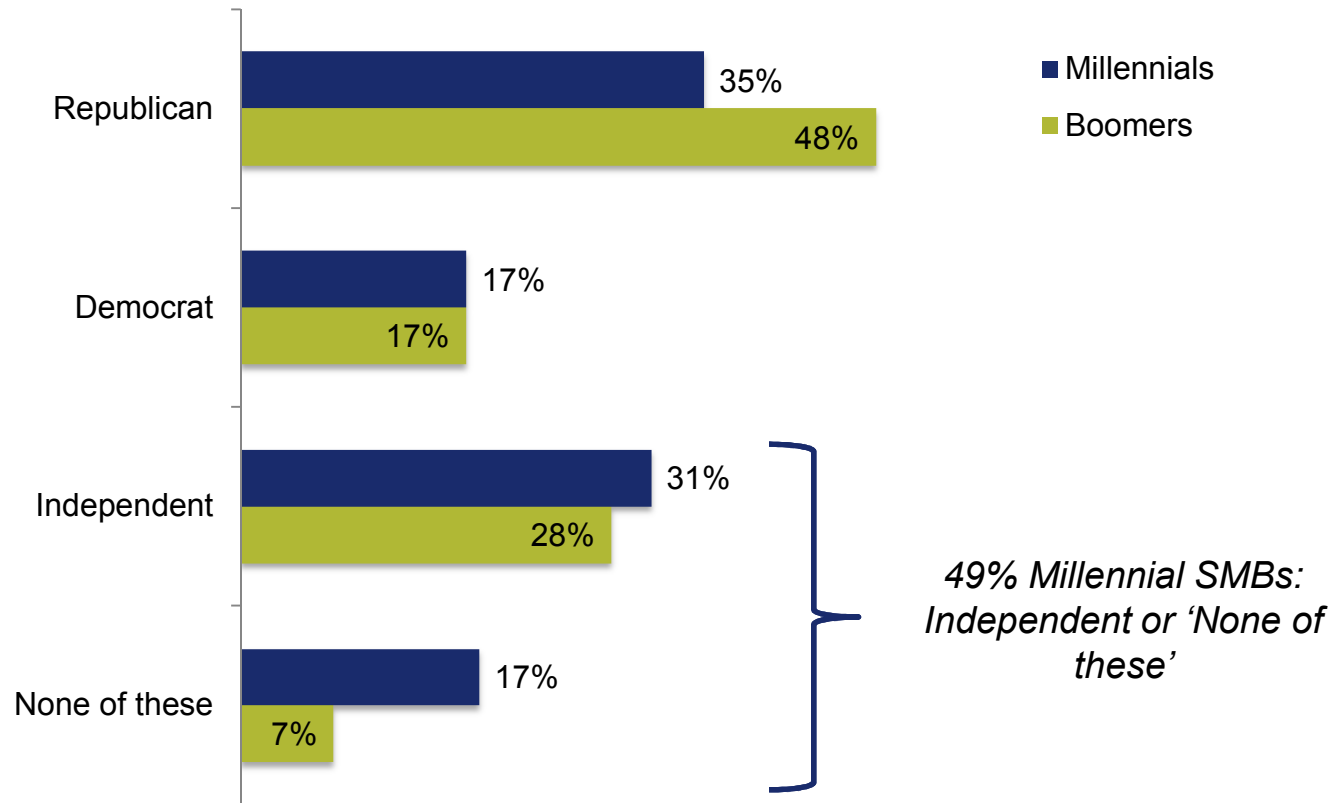
Engage in Regularly/Occasionally



“Which of the following activities do you engage in regularly or occasionally?”

Millennial SMBs don't fit into traditional categories politically, nearly half (49%) see themselves as Independent or 'none of these'

### POLITICAL AFFILIATION

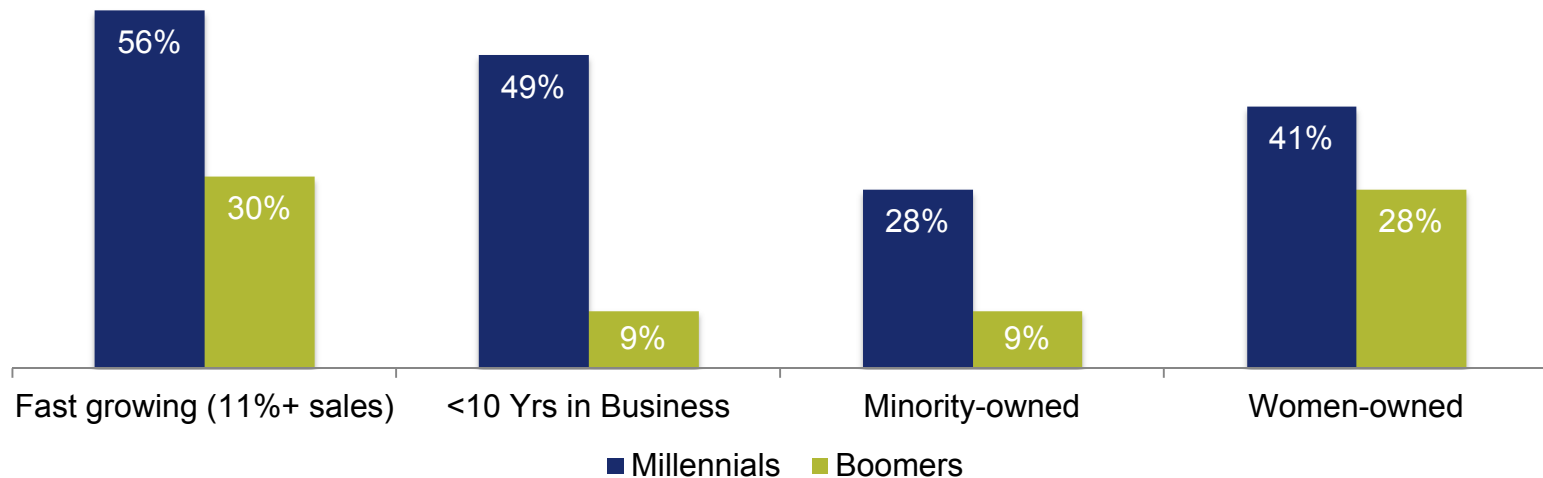


"Politically, do you consider yourself ..."

# Millennial SMBs run businesses that are young, fast growing and diverse; most have annual sales under \$1M

## KEY FIRMOGRAPHICS

	Total SMB Owners	Millennials	Boomers
Annual Sales < \$1M	39%	<b>57%</b>	38%
\$1M to Under \$5M	42	22	<b>44</b>
\$5M or More	19	21	19

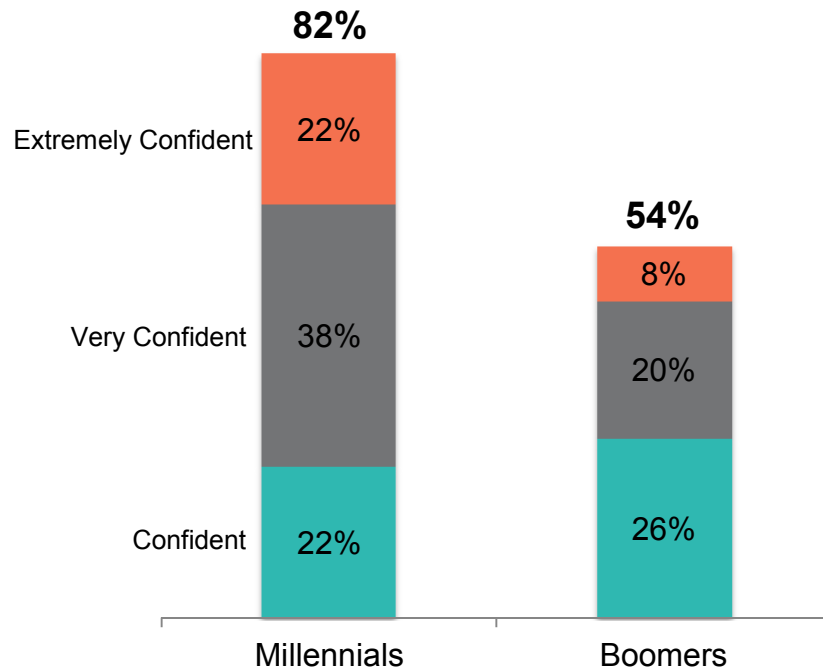


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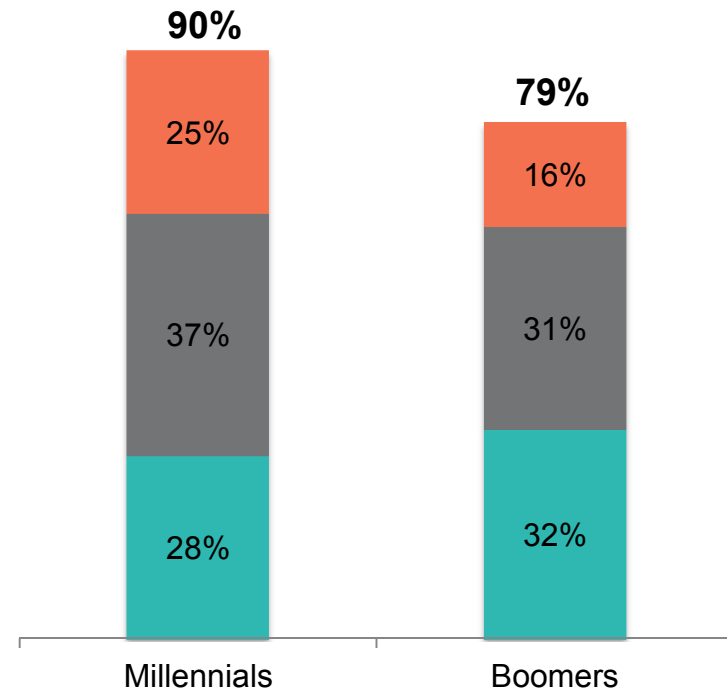
**OPTIMISM &  
CONFIDENCE ABOUND**

# Millennial SMBs are highly optimistic about the US economy and the success of their own businesses

### CONFIDENCE IN THE US ECONOMY NEXT 24 MONTHS



### CONFIDENCE IN SUCCESS OF OWN COMPANY NEXT 24 MONTHS



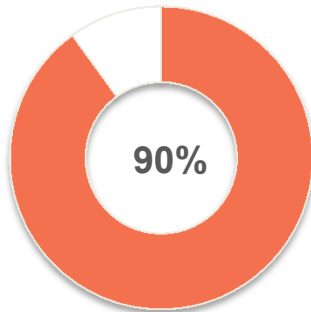
“What is your level of confidence that the U.S. economy will continue to improve over the next 24 months?” “What is your level of confidence in the success of your company (based on revenue, profitability & growth) over the next 24 months?”

# Millennial SMBs are confident about their future personal wealth as well. They are investing at a rate 29% higher than Boomers.

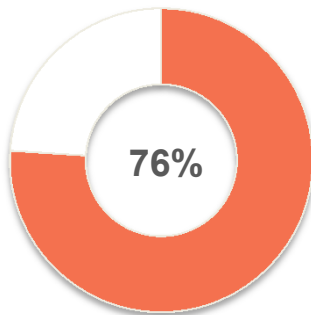
**“I feel confident that I will be able to maintain my current lifestyle throughout my retirement”**

% Agree Strongly/Somewhat

Millennials



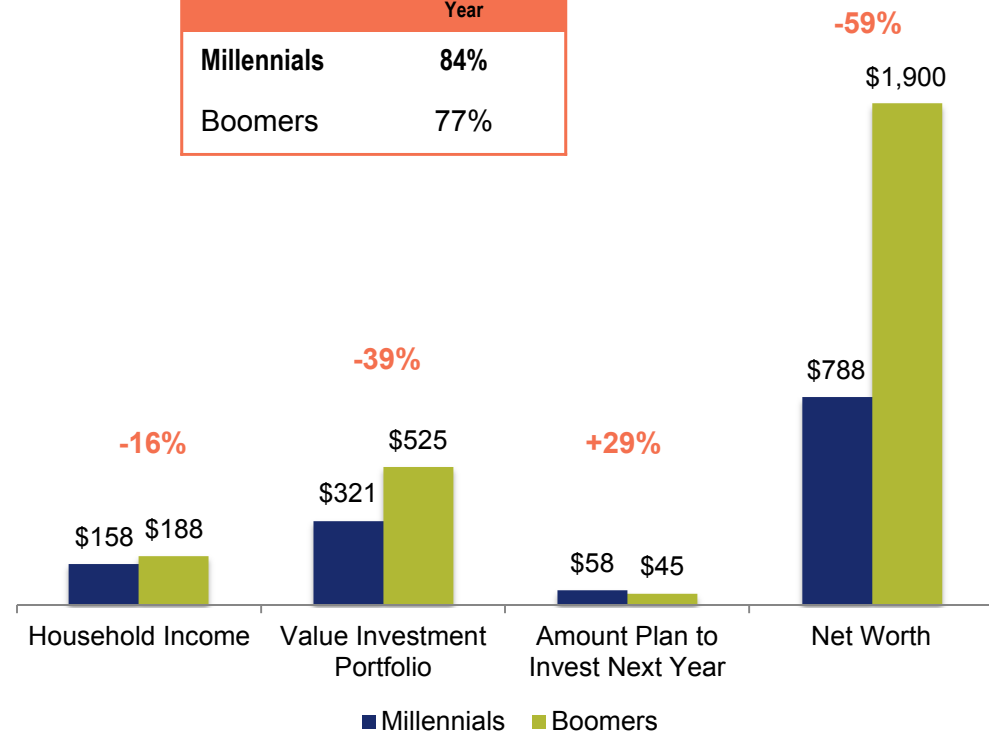
Boomers



## PERSONAL INVESTING & WEALTH

(In Thousands)

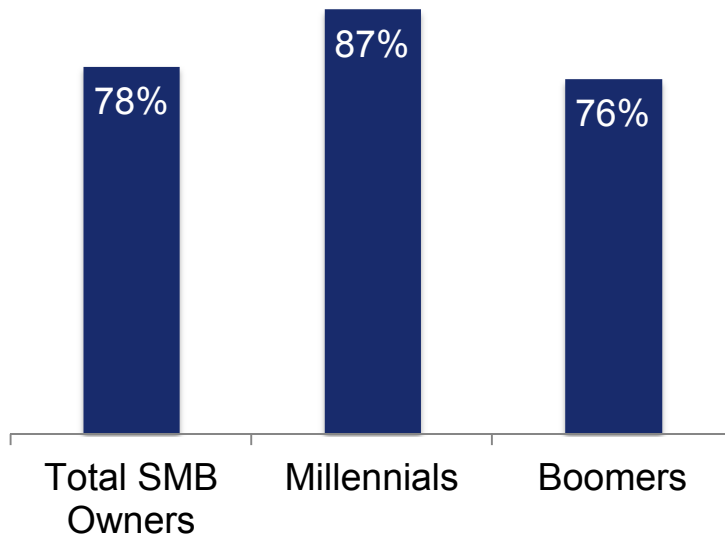
	Plan to Invest Next Year
Millennials	84%
Boomers	77%



“How much do you agree/disagree with the following statements about your personal finances & investments?” “Please click on the response below that best describes your 2014 pre-tax income range, including income from all sources in your household.” “Which of the following best describes the total market value of your investment portfolio (excluding real estate, retirement accounts, & 529/College savings plans?” “Which of the following best describes your total net worth (including real estate)?” “Approximately how much do you plan to invest in the next 12 months (excluding retirement accounts & 429/College savings plans)?”

Almost all Millennial SMBs are planning to hire full-time employees. They turn to referrals and online providers for sourcing.

**PLANNING TO HIRE FULL-TIME EMPLOYEES NEXT 12 MONTHS**



**WHERE THEY PLAN TO SOURCE NEW HIRES**

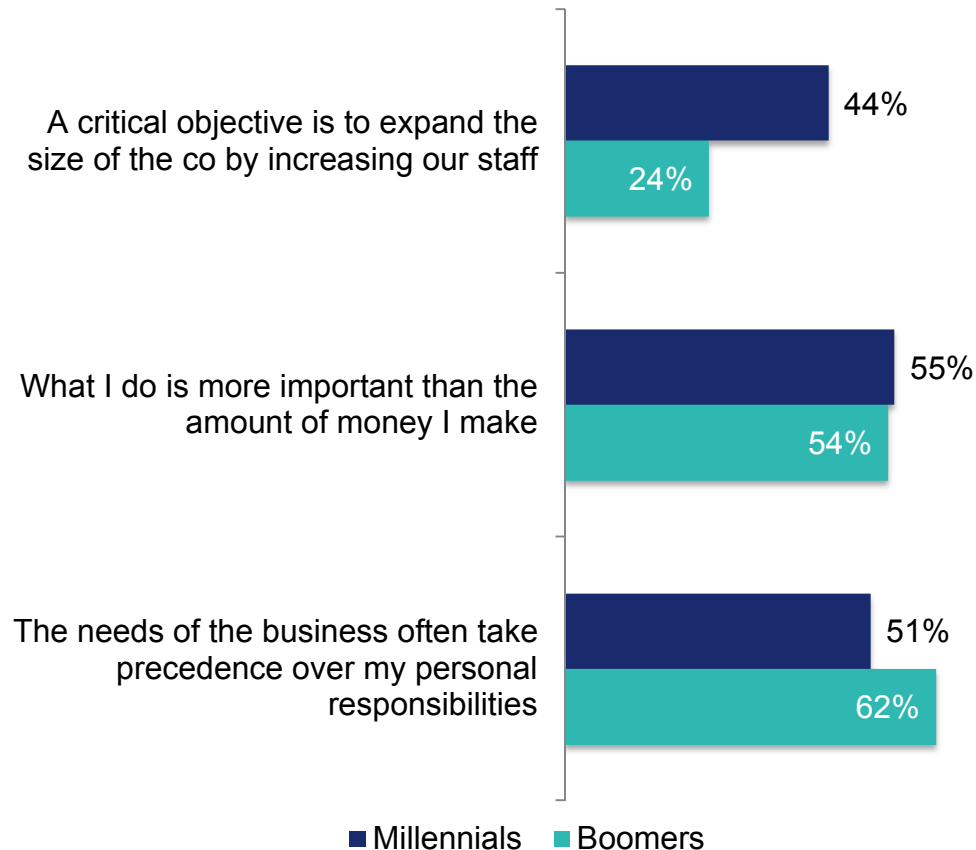
	Millennials	Boomers
Referrals	62%	77%
Online providers (LinkedIn, Monster, etc.)	46	34
Colleges or universities	30	26
Professional recruitment firms	26	17
Local newspaper classifieds	19	24

“Approximately how many full-time employees are you planning to hire over the next 12 months?” “Where do you plan to source your new hires from?”

# Millennial SMBs' desire for business expansion will not come at the cost of the meaning of their work or their work-life balance

## BUSINESS ATTITUDES

% Agree Strongly



Desire for Expansion



Without forfeiting personal meaning & work-life balance

"Following are a series of statements that may/may not reflect how you think about business, or life in general. Please indicated whether you agree/disagree with each one, using a 0-to-10 scale."



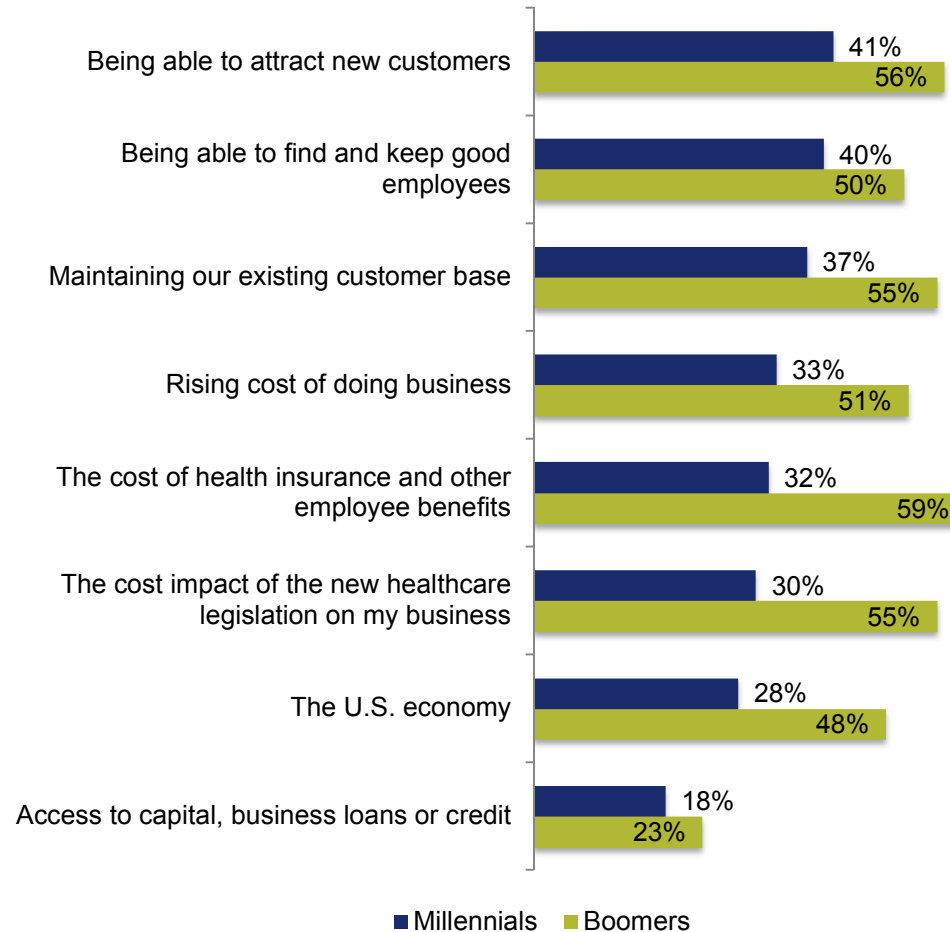
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**ENVIRONMENTAL CONCERNS =  
BUSINESS ACTIONS**

# Millennial SMBs are less concerned than their Boomer peers about most facets of running a business

## BUSINESS CONCERNS

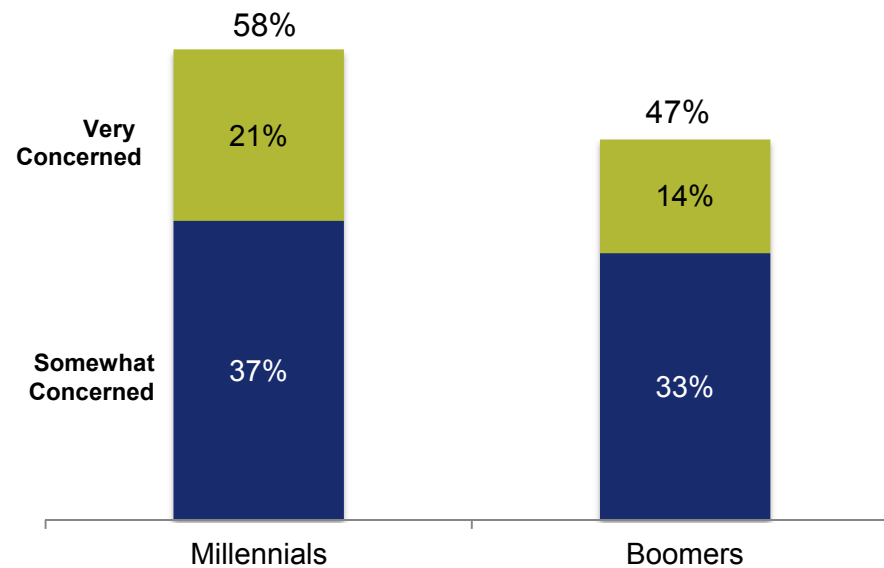
% Very Concerned



“Lets face it - you’re one of the people in your business who has to be concerned with all of the issues related to running the business. So what are the issues that you’re most concerned about?”

The one area where Millennial SMBs are more concerned than Boomers is around the environment and global warming

### CONCERN ABOUT THE WORLD ENVIRONMENT & GLOBAL WARMING

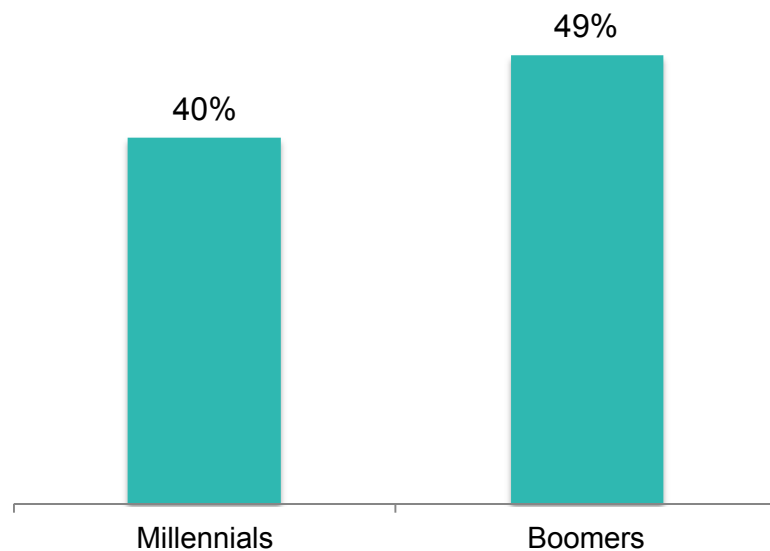


“Lets face it - you’re one of the people in your business who has to be concerned with all of the issues related to running the business. So what are the issues that you’re most concerned about?”

# While Boomers respect 'green' values; Millennials are actually making 'sustainability' an integral part of business

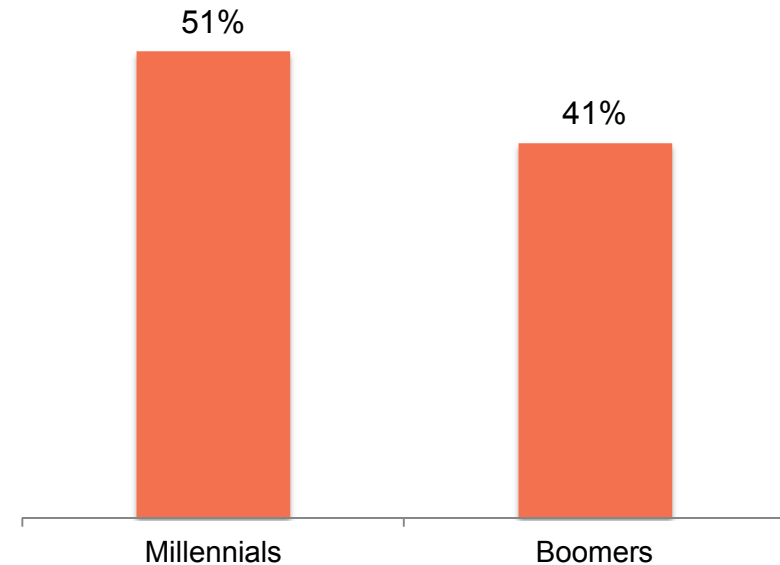
**“OUR COMPANY RESPECTS ‘GREEN’ VALUES & IS CONSCIOUS OF THE ENVIRONMENT”**

% Strongly Agree



**“WE ARE WORKING TO MAKE ‘SUSTAINABILITY’ AN INTEGRAL PART OF OUR PRODUCTS/SERVICES”**

% Strongly Agree



“Following are a series of statements which may/may not reflect how you think about business, or life in general. Please indicate whether you agree/disagree with each one, using a 0-to-10 scale.”

# SMB Insights 2015

**LOCAL FOCUS WITH  
GLOBAL REACH**

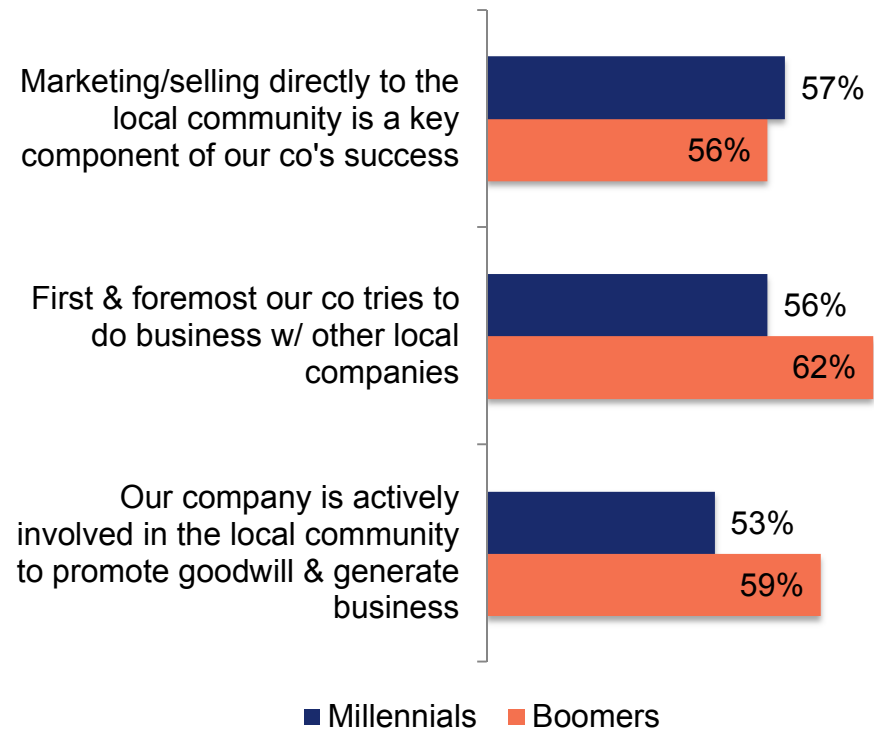
Millennial SMBs have a community focus with most generating sales locally. They also source sales nationally and internationally.

**% WHO GENERATE SALES ...**

Millennials	Boomers	
92%	94%	Within local area
<b>70</b>	62	Nationally
<b>39</b>	26	Internationally

**LOCAL BUSINESS ATTITUDES**

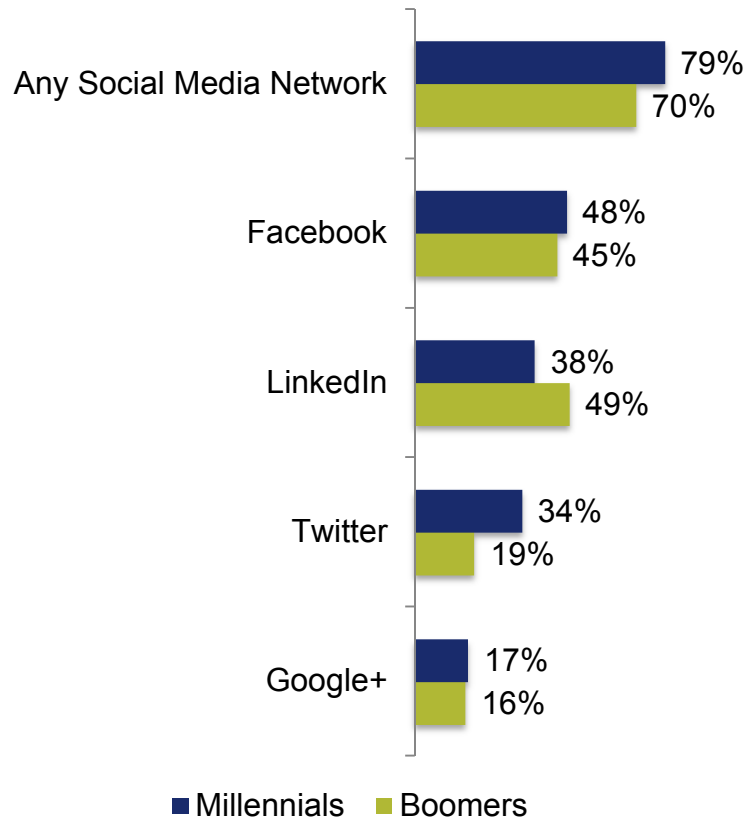
% Agree



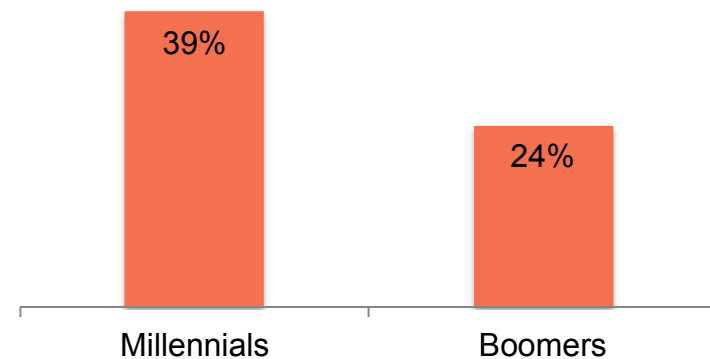
“Using 100% points, how would you break down your own co's 2012 sales across the three categories? “ Following are a series of statements that may/may not reflect how you think about business, or life in general. Please indicate whether you agree/disagree with each one, using a 0-to-10 scale.”

# Millennial SMBs are highly engaged with social media and are better skilled than Boomers at using it to generate revenue

## USAGE OF SOCIAL MEDIA NETWORKS FOR BUSINESS



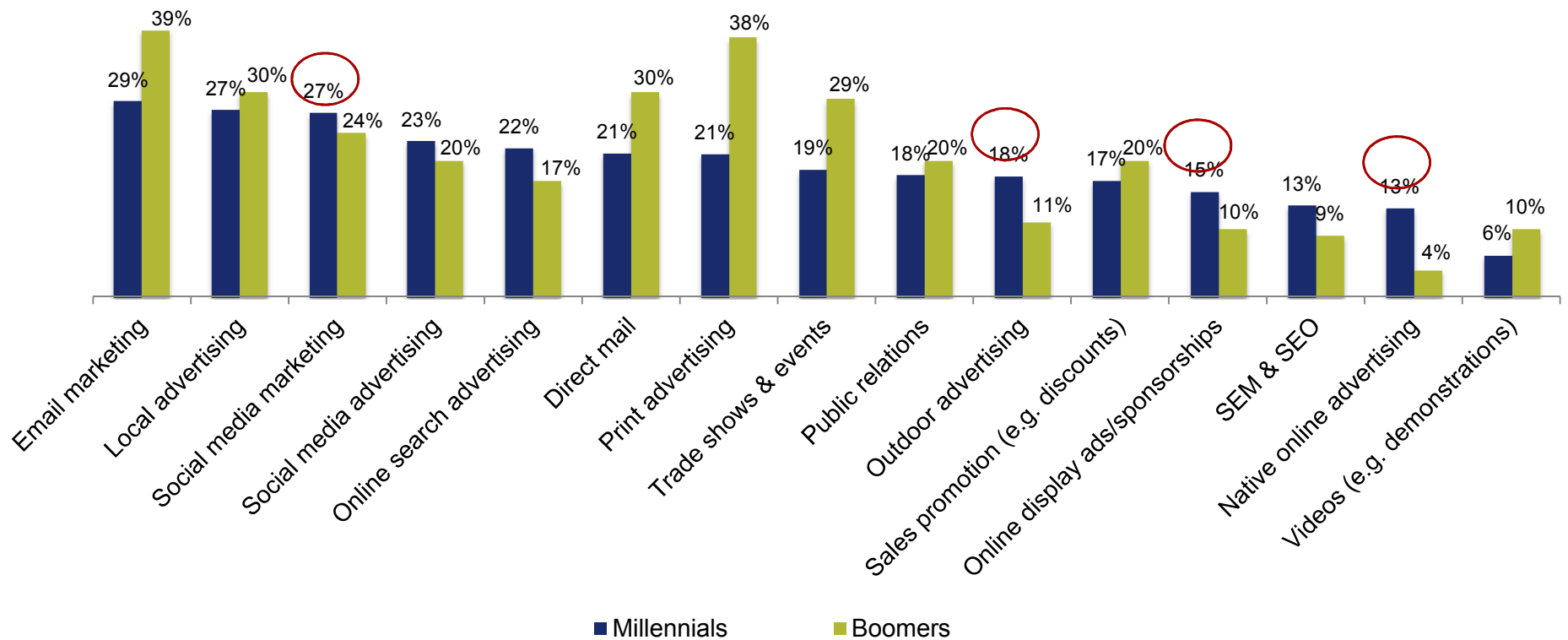
## GENERATE REVENUE DIRECTLY FROM SOCIAL MEDIA



“Which of the following social networks do you or your company currently use for business purposes?”  
“Have you generated revenue directly from social media?”

Email, local ads and social media are their lead advertising vehicles. Versus Boomers, they use more online, native and OOH ads.

**MARKETING & ADVERTISING VEHICLES USED PAST YEAR**



“Which of the following marketing and advertising vehicles has your company used in the past 12 months?”



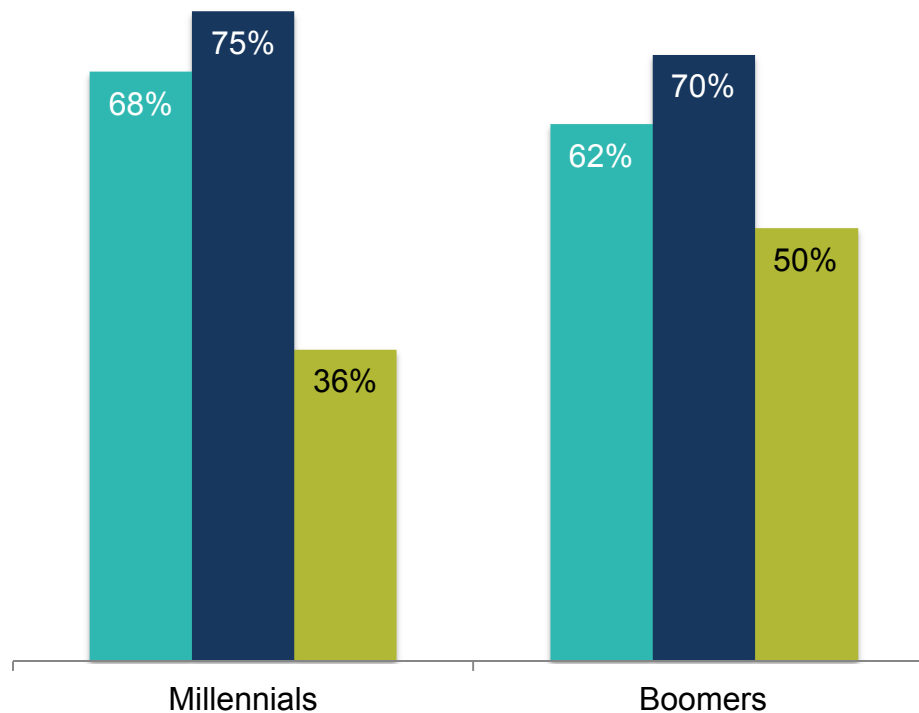
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**AN ORGANIC  
UNDERSTANDING OF  
TECHNOLOGY**

# For Millennial SMBs, technology has strong upside benefits; only one-third find it hard to keep up

## THE TECHNOLOGY CONUNDRUM

% Agree Completely/Mostly



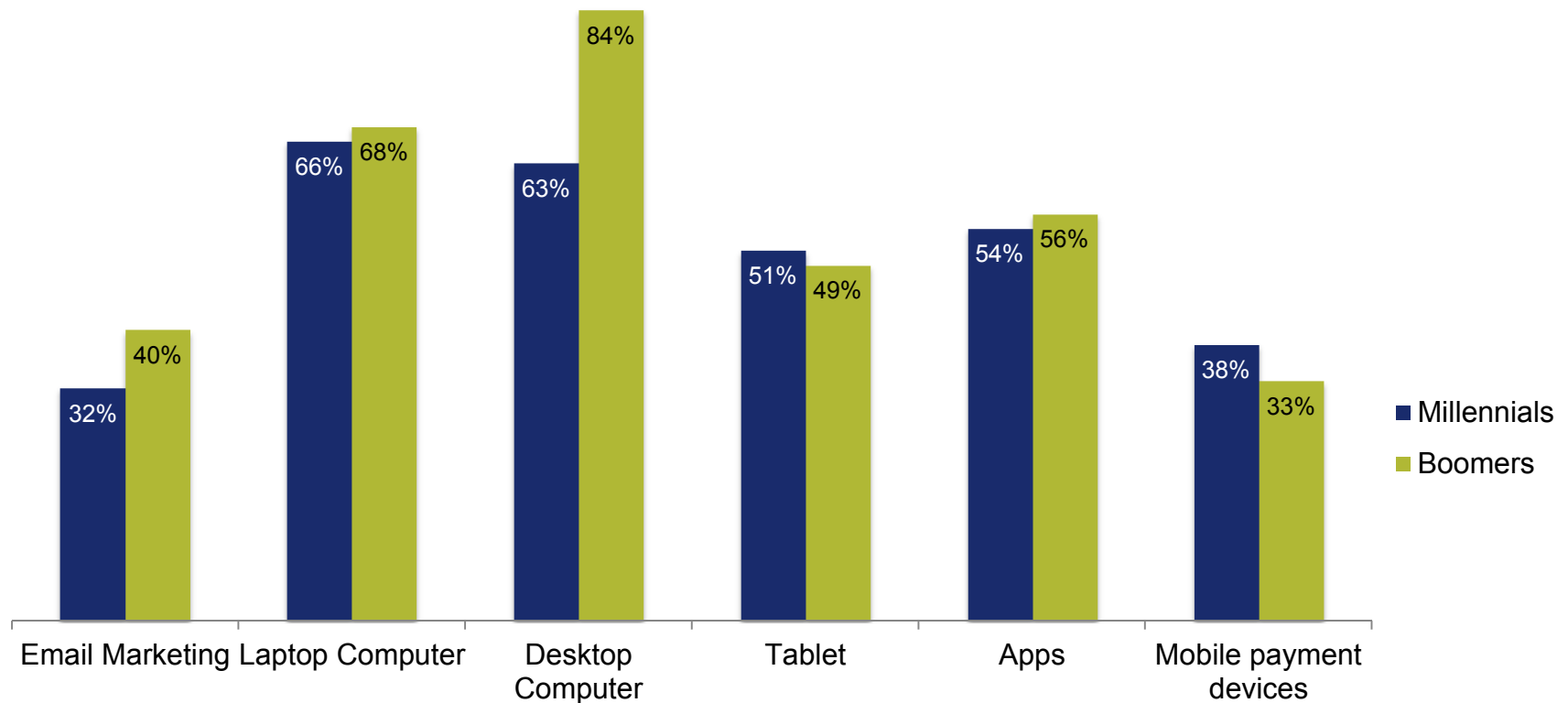
### Technology Upside/Downside:

- Excited about new business technology
- Technology organizes my life
- Hard to keep up with technology

“Please indicate the extent to which you agree/disagree with each of the following statements about technology.”

# Millennial SMBs are using fewer desktop computers than their Boomer peers.

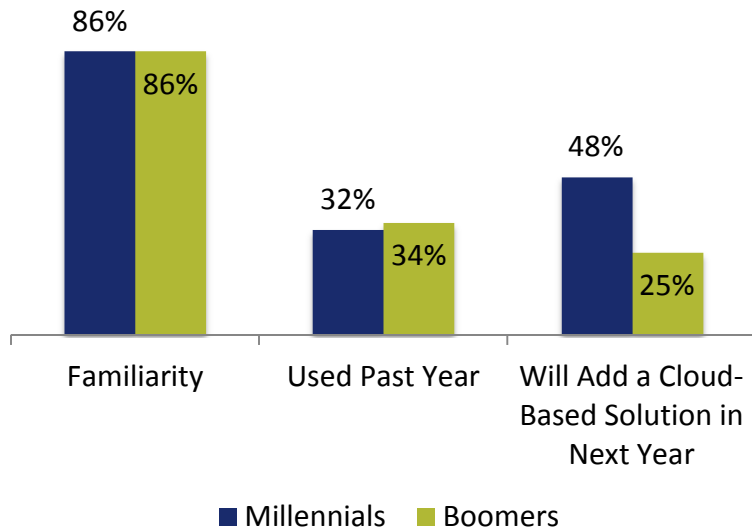
## TECHNOLOGY PRODUCTS USED PAST YEAR FOR BUSINESS



“Which of the following products and services have you used in the past year for your business?”

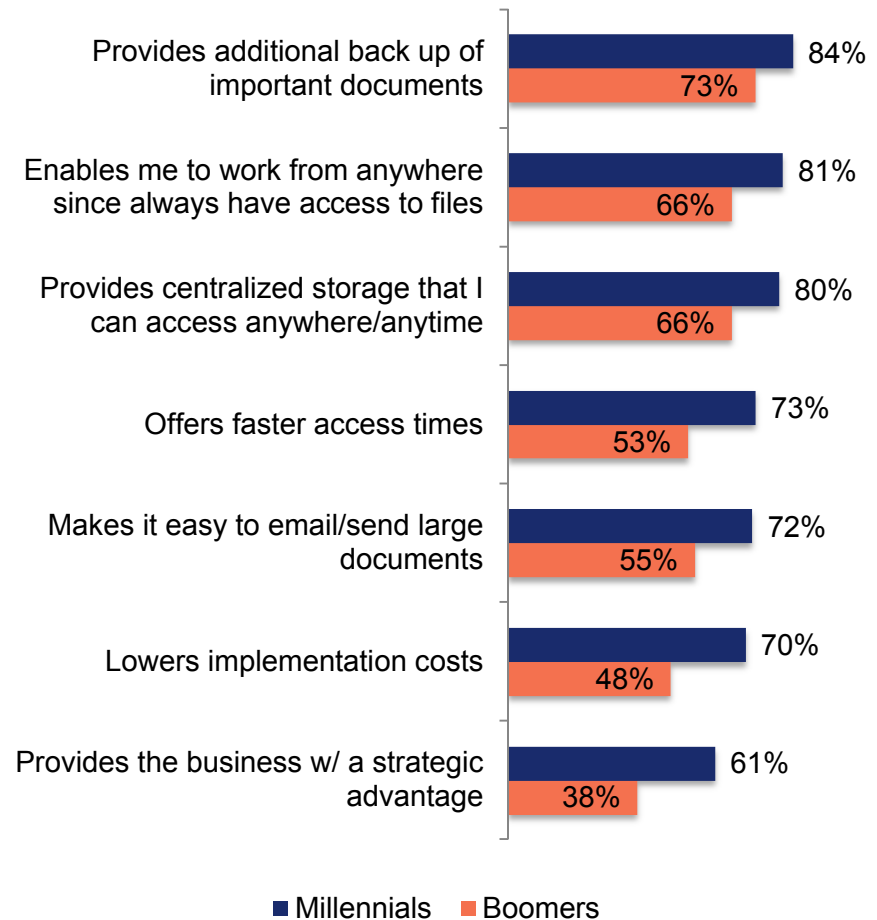
# Millennial SMBs are more tuned into cloud computing and its many benefits. They are using cloud or on the cusp of getting it.

## FAMILIARITY & USAGE OF CLOUD-BASED SOLUTIONS



## BENEFITS OF CLOUD COMPUTING

% Rating Critical/Very Beneficial

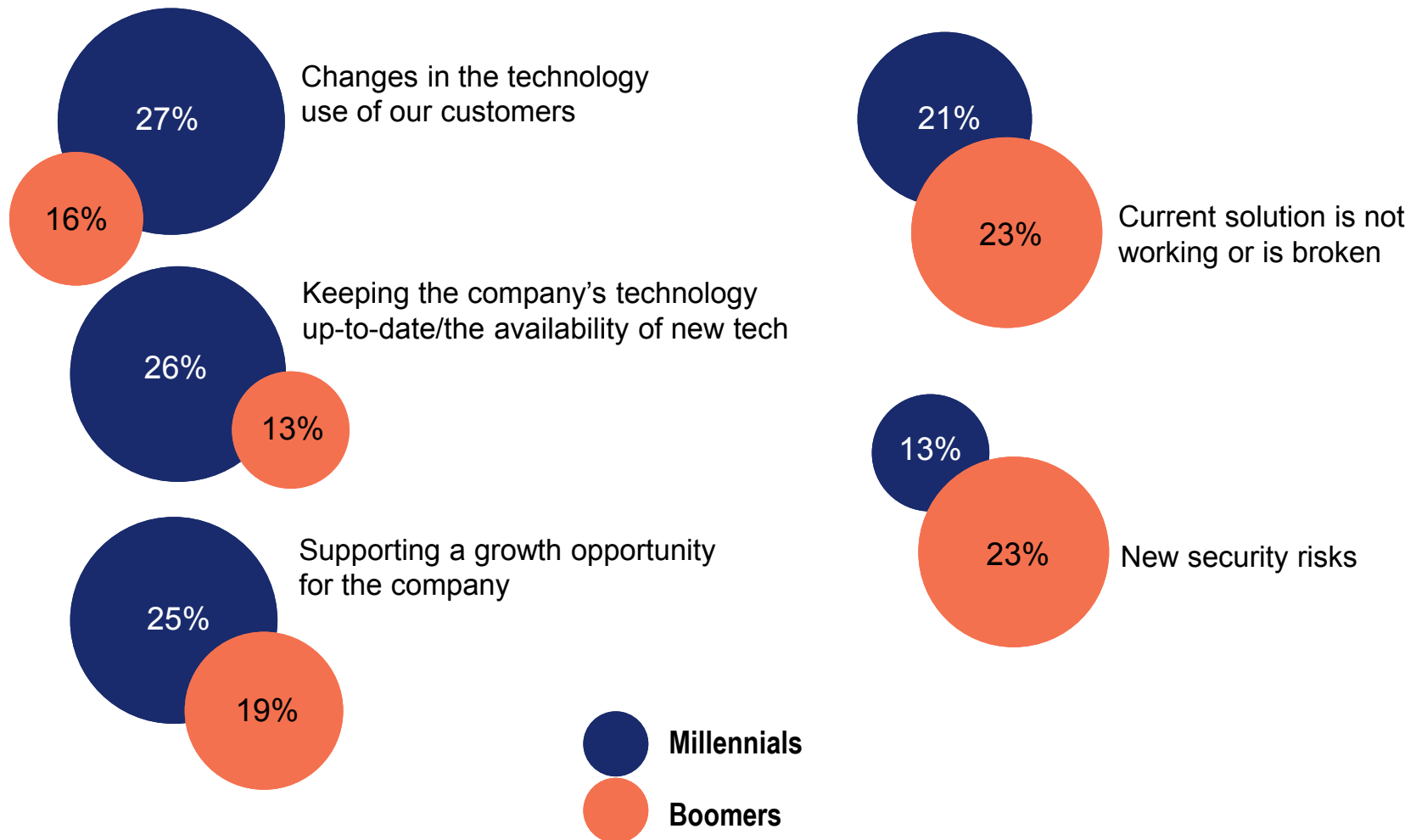


“Are you familiar with cloud computing?” “Which of the following products/services have you used for your business in the past year?” “How likely is your company to add a cloud-based solution in the next year?” “How beneficial is each of the following aspects of cloud computing for your business?”

# Millennial SMBs lean forward to make new technology investments. Boomers feel it's most critical only when things are broken

## FACTORS DRIVING NEW TECHNOLOGY INVESTMENTS

% Who Rate as 'Critical Factor' to Drive Investment



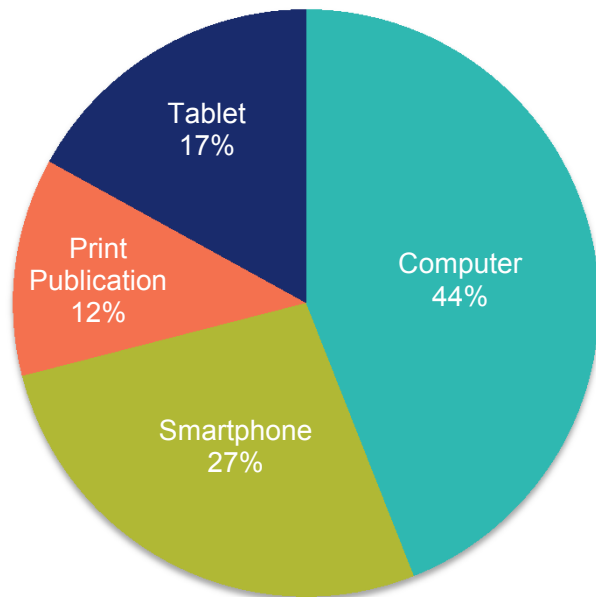
"To what extent might each of the following factors drive your company's decision to make a new technology investment of some sort?"

# SMB Insights 2015

**DIGITAL IS NOT 'PREFERRED'  
IT'S A GIVEN**

# Millennial SMBs tend to take in business news/information electronically – for many, via smartphone and tablets

**SHARE OF TIME ACCESSING BUSINESS NEWS/INFORMATION BY SOURCE**



**% WHO USE EACH FOR ACCESSING BUSINESS NEWS/INFORMATION**

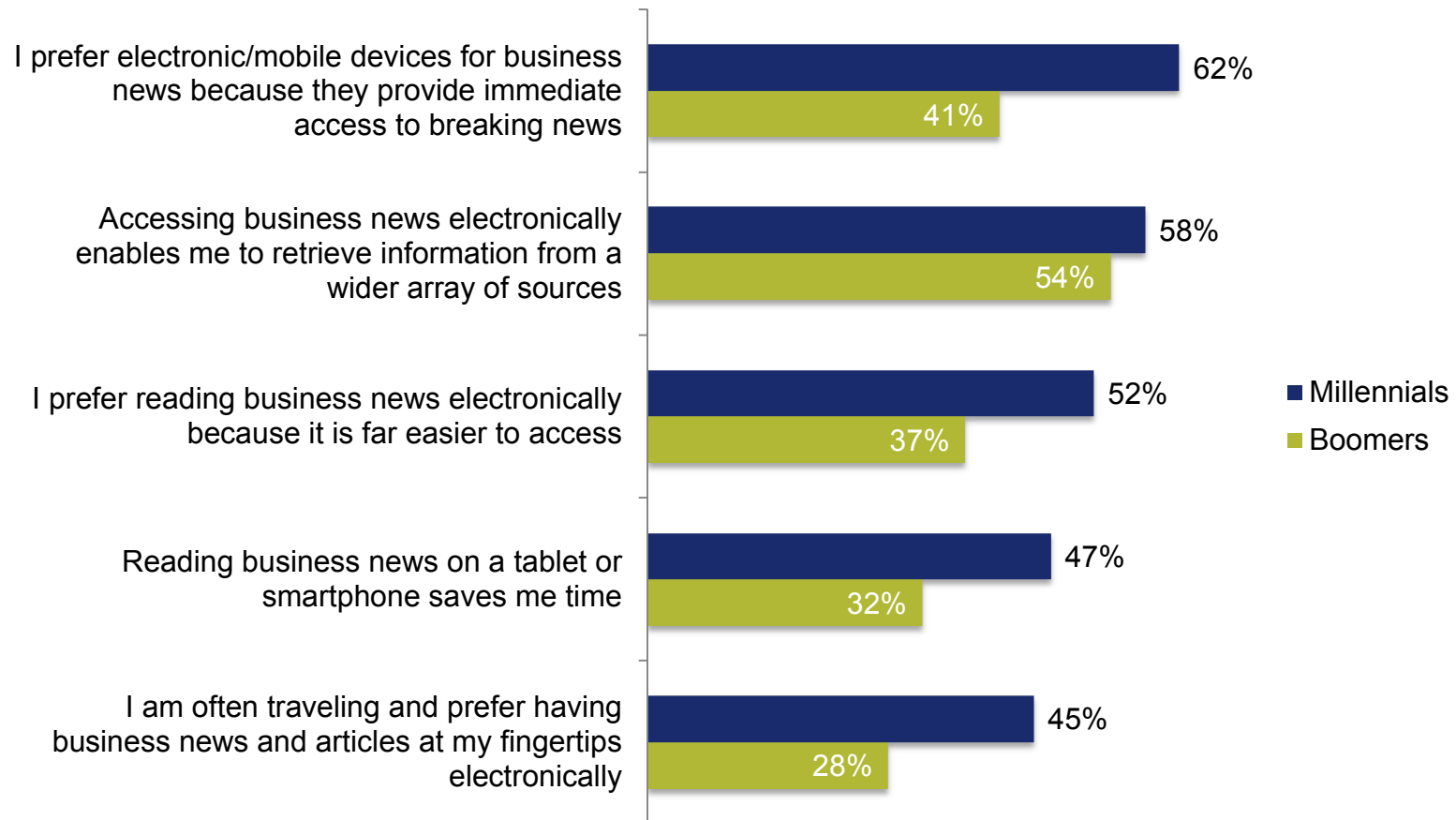
	Millennials	Boomers
Computer	89%	81%
Smartphone	76	47
Tablet	58	40
Print Publications	49	67

“Please think about the way in which you generally read, look through or take in business news or information on a weekly basis. What percentage of your total weekly time taking in business news or information is accessed via smartphone, tablet, computer or a print publication itself?”

# Millennial SMBs' perceived benefits of accessing business news electronically include speed, breadth of sources and convenience

## BENEFITS OF ACCESSING BUSINESS NEWS ELECTRONICALLY

% Agree Completely/Mostly



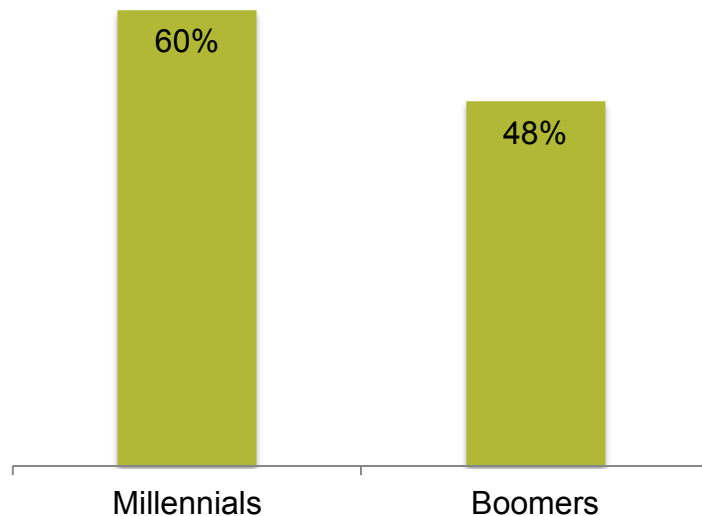
“Thinking specifically about business news and information, please tell us about your preference for electronic versus print media by indicating how much you agree/disagree with each of the following statements.”



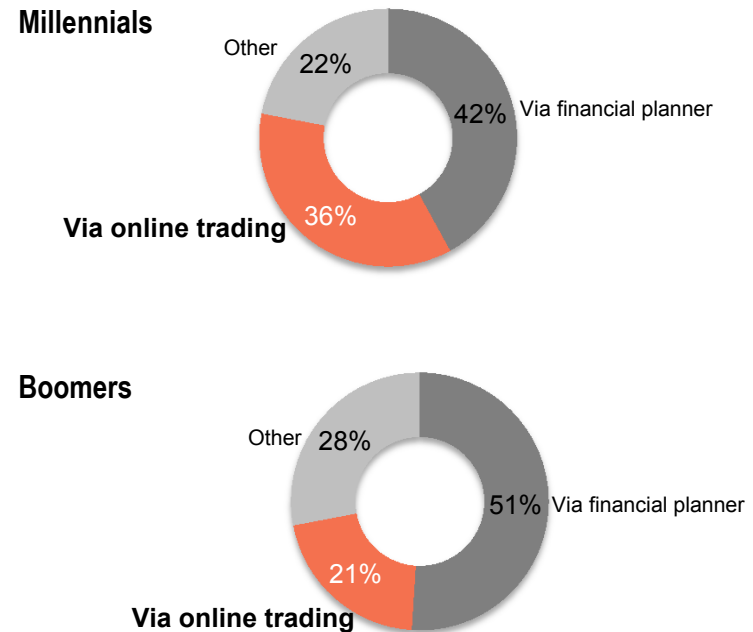
# Other examples of high digital use: Millennial SMBs shop for their businesses online and conduct a high share of investment trades online

## “I PREFER SHOPPING ONLINE VS. IN-STORE FOR MY BUSINESS”

% Agree Completely/Mostly



## HOW PERSONAL INVESTMENT PURCHASES ARE MADE



“Please indicate the extent to which you agree/disagree with each of the following statements about technology.” “What percentage of your personal investment portfolio consists of investments purchased for you by a financial planner or investment company? What percentage was purchased by you via online trading? By other means?”

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