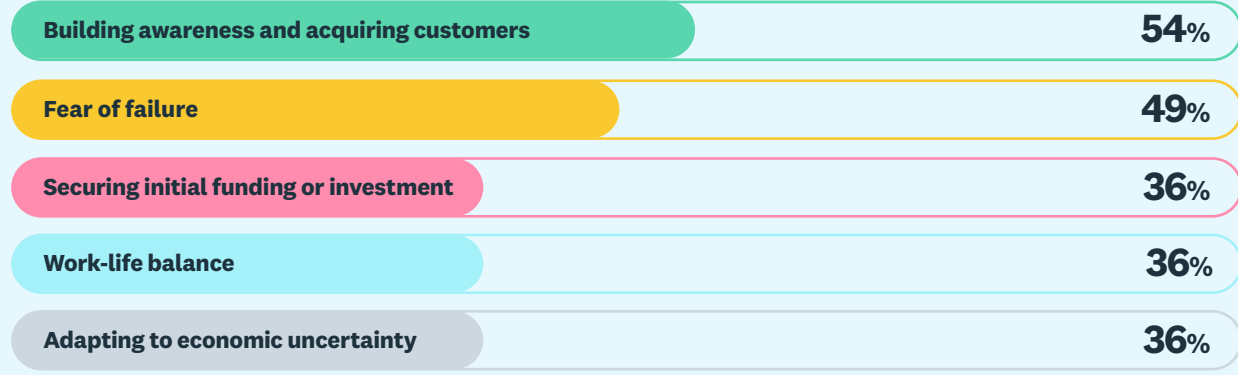




# Financial literacy in small biz owners

New research from global small business platform Xero reveals a notable gap in financial literacy among US small business owners.

## TOP CHALLENGES US BUSINESS OWNERS FACE WHEN STARTING OUT



## CASH FLOW CHALLENGES

**60%**

of small business owners report frequent or occasional cash flow issues



**14%**

of small businesses have not recovered from experiencing cash flow issues

## LACK OF FINANCIAL PREPARATION

\* **13% of US small business owners don't have a plan in place for unexpected expenses**



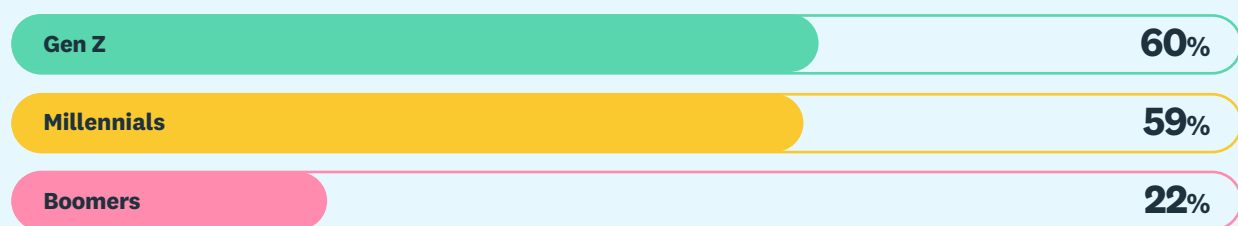
\* **Younger generations take more risk in this regard, with 23% not having a plan in place compared to only 5% of Boomers**

## FINANCIAL LITERACY CHALLENGES



**50%** of Americans have encountered financial challenges in their business due to a lack of financial literacy

These numbers are more pronounced for younger generations:



## FROM SIDE GIG TO STARTUP

Many small businesses begin as side gigs, a trend that's increasing with younger generations

**60%**

of US small businesses started their businesses as side gigs

**67%**

of Gen Z and 69% of Millennials started their businesses as side gigs vs. 48% of Boomers



## GENERATIONAL DIFFERENCES



\* **Gen Z (58%) and Millennials (56%) are more likely to start businesses driven by passion or desire to make a positive societal impact than older generations**

Gen X (40%), Boomers (41%)

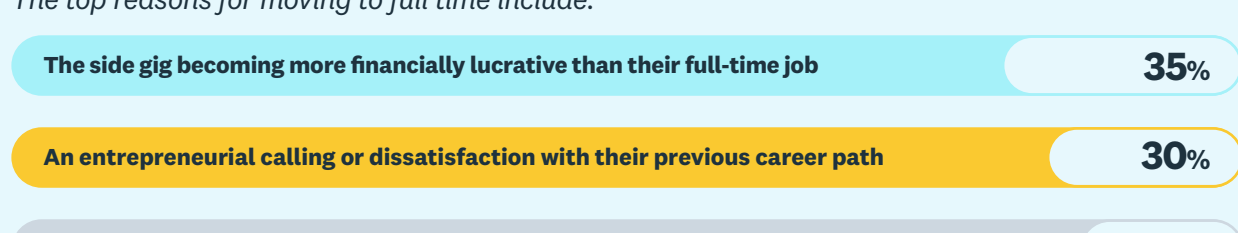
\* **66% of Gen Z face more self-doubt and fear of failure than their older counterparts**

Boomers (29%)



## WHAT IT TAKES TO GET STARTED

The top reasons for moving to full time include:



## MAKING THE JUMP FROM A SIDE GIG TO FULL TIME CAN BE DAUNTING

\* **61% cited pulling from their own funds and savings to start and noted emotional hurdles - including overcoming self-doubt - as some of the most crippling**

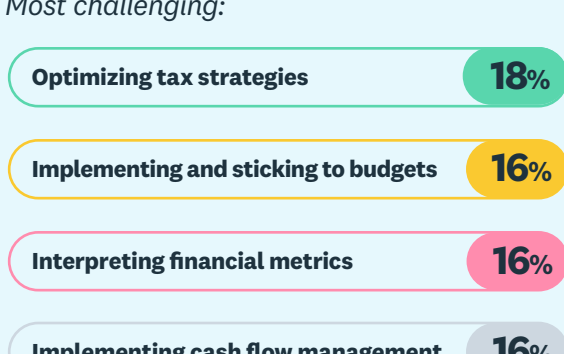


## NAVIGATING FINANCIAL CHALLENGES POST LAUNCH

While many business owners surveyed did not initially consider financial concerns a top priority, they found them to be an issue once the business had started



Most challenging:



## THE IMPORTANCE OF ADVISORY

**39%**

of small business owners prefer to handle their finances independently



**Only 16%**

of respondents are actively using an accountant or advisor

**Working with accountants and advisors improves financial decision-making, enabling small business owners to navigate challenges effectively and capitalize on opportunities in today's evolving business landscape**

Methodology: Xero's research was conducted by ResearchScape, a market research consultancy specializing in customer surveys. ResearchScape surveyed 1021 self-employed small business owners with 50 or fewer employees across the US from May 30 to June 4, 2024. The topline results presented in the report were weighted to be representative of the overall population.